

深圳市深宝实业股份有限公司
SHENZHEN SHENBAO INDUSTRIAL CO.,LTD.
SEMI-ANNUAL REPORT 2015



August 2015

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 2015 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/Shenbao Company/ Listed Company /the Company/	Refers to	Shenzhen Shenbao Industrial Co., Ltd
Shenbao Huacheng	Refers to	Shenzhen Shenbao Huacheng Science and Technology Co.,Ltd
Wuyuan Ju Fang Yong	Refers to	Ju Fang Yong Tea Industry Co., Ltd. in Wuyuan County
Hangzhou Ju Fang Yong	Refers to	Hangzhou Ju Fang Yong Holding Co., Ltd.
Shenbao 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.
Shenbao Yuxing	Refers to	Fujian Mount Wuyi Shenbao Yuxing Tea Co., Ltd.
Shenbao Shengyuan	Refers to	Shenbao Shengyuan (Beijing) Food Co., Ltd.
Fuhaitang Ecological	Refers to	Fuhaitang Tea Ecological Technology Co., Ltd.
Chunshi Network	Refers to	Hangzhou Chunshi Network Technology Co.,Ltd.
Shenshenbao Tea Culture	Refers to	Shenzhen Shenshenbao Tea Culture Management Co., Ltd.
Pu'er Tea Trading Center	Refers to	Yunnan Pu'er Tea Trading Center Co., Ltd.
Agricultural Products	Refers to	Shenzhen Agricultural Products Co., Ltd
Shenzhen Investment Holding	Refers to	Shenzhen Investment Holding Co., Ltd
Shenzhen SASAC	Refers to	Shenzhen Municipal People's Government State-owned Assets Supervision & Administration Commission
CBC	Refers to	Shenzhen China Bicycle Company (Holdings) Limited
Sunrise	Refers to	Guangdong Sunrise Holdings Co., Ltd. (current named Fawer Automotive Parts Limited Company)
CSRC	Refers to	China Securities Regulation Commission
Article of Association	Refers to	Article of Association of Shenzhen Shenbao Industrial Co., Ltd
RMB/10 thousand Yuan	Refers to	CNY/ten thousand Yuan

Section II Company profile

I. Company 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.	8/F, Tower-B, Building 4, Software Industry Base, Science & Technology Park (South), Xuefu Road, Nanshan District, Shenzhen	8/F, Tower-B, Building 4, Software Industry Base, Science & Technology Park (South), Xuefu Road, Nanshan 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 2014.

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 2014.

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 2014.

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 (%)
		Pre-adjustment	Post-adjustment	Post-adjustment
Operating revenue (RMB)	163,356,143.27	118,250,169.14	118,250,169.14	38.14%
Net profit attributable to shareholders of the listed company(RMB)	5,317,533.95	-23,382,126.99	-23,382,126.99	122.74%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	-2,504,499.15	-28,395,649.40	-28,395,649.40	91.18%
Net cash flow arising from operating activities(RMB)	21,913,616.18	16,786,120.54	-47,903,947.22	145.74%
Basic earnings per share (RMB/Share)	0.0177	-0.0777	-0.0777	122.78%
Diluted earnings per share (RMB/Share)	0.0177	-0.0777	-0.0777	122.78%
Weighted average ROE	0.55%	-2.47%	-2.47%	3.02%
	End of current period	End of last period		Increase/decrease in this report-end over that of last period-end
		Pre-adjustment	Post-adjustment	Post-adjustment
Total assets (RMB)	1,107,604,723.34	1,154,612,267.59	1,154,612,267.59	-4.07%
Net assets attributable to shareholder of listed company(RMB)	976,195,752.88	970,878,218.93	970,878,218.93	0.55%

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)

√ Applicable □ Not applicable

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	5,317,533.95	-23,382,126.99	976,195,752.88	970,878,218.93
Items and amount adjusted by IAS				
Adjustment for other payable fund of stock market regulation			1,067,000.00	1,067,000.00
IAS	5,317,533.95	-23,382,126.99	977,262,752.88	971,945,218.93

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

√ Applicable □ Not applicable

In RMB

Item	Amount	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-14,032.21	
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)	2,368,991.93	
Gains and losses from change of fair values of held-for-transaction financial assets and financial liabilities except for the effective hedge business related to normal business of the Company, and investment income from disposal of transactional financial assets and liabilities and financial assets available for sale	3,176,115.41	
Other non-operating income and expenditure except for the aforementioned items	3,518,942.34	
Gains/losses items qualify definition of non-recurring gains/losses	606,734.01	
Less: impact on income tax	1,834,392.94	
Impact on minority shareholders' equity (post-tax)	325.44	
Total	7,822,033.10	--

Section IV. Report of the Board of Directors

I. Introduction

During the reporting period, the management team of the company has actively responded to market changes, led all staff of the company to focus on the business mode of "One core power, Three innovation platforms, Six bases", steadily pushed forward the work of the various business segments, accelerated the implementation of the strategies, endeavored to manage and create value in accordance with the established strategy and annual business objectives so as to maintain a good operational status and momentum of development

During the reporting period, the company has actively expanded the main business, further implemented the company's tea industry development strategy. Shenbao Technology Center has given full play to its R & D subject-effect, gradually carried out the deep research and development to industry, not only continued to contribute the research and development and the technical services for the company's tea products, but also made some achievements in the research and development of tea derivatives and carry forward the subsequent industrialization, and provided effective technical supports for completing the sustainable development of the company's tea industry chain. At the same time, the subordinate brands have been actively innovating and steadily developing. iTealife has opened 6 stores in different commercial activities, and shall continue to expand and open according to the company's fixed goal so as to lead the young people to start the health tea life. Teabank, as a medium-high end tea product and a brand new compound trademark of tea drink that the company creates to adapt the O2O marketing mode innovation in the internet era, the rise of middle class and the changes of urban social life style, the first landmark store has been established at the software industry base at Nanshan Science and Technology Park in Shenzhen and is officially in operation now after strict close beta test, and it shall continue to gradually open new stores in accordance with the integrated planning and realize the online to offline interactive cooperation so as to develop a platform of strategic resources for the tea industry chain. Yunnan Puer Tea Trading Center invested and established by the company has completed the preparatory work, its supporting enterprise, Yunnan Shenbao Puer Tea Supply Chain Management Co., Ltd., has also officially started making preparations, it is predicted that Puer Tea Trading Center shall officially start trading within the year, it shall not only provide the high quality and efficient trading, clearing, warehousing, logistics and other services for the trading parties at the same time, but also shall gradually carry out the customized services for various tea trade, fully realize its multiple functions such as transaction, evaluation, and identification, and steadily implement the company' tea industry development strategy.

In reporting period, the Company realized operating income of 163,356,100 Yuan, up by 38.14% compared to the same period of last year; operating profit of 1,336,200 Yuan, up by 105.15% compared to the same period of last year; net profit attributable to shareholders of listed company of 5,317,500 Yuan, up by 122.74% 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	163,356,143.27	118,250,169.14	38.14%	Income of Emerald Apartment project increased in the Period
Financial expenses	-461,784.95	-1,033,644.01	55.32%	Mainly due to the decrease of monetary funds
Income tax expense	4,685,304.78	517,581.33	805.23%	Mainly due to the increase of current income tax
Net cash flow arising from operation activities	21,913,616.18	-47,903,947.22	145.74%	Income of Emerald Apartment project increased
Net cash flow arising from investment activities	-74,385,187.66	-21,860,148.84	-240.28%	Mainly because financing by the owned funds in the Period
Net cash flow arising from financing activities	-33,859,000.00	89,120,187.24	-137.99%	Mainly because bank loans are paid in the period
Net increase of cash and cash equivalent	-86,373,233.51	19,471,976.76	-543.58%	Mainly because bank loans are paid in the period and financing by the owned funds
monetary fund	180,974,544.93	267,347,778.44	-32.31%	Mainly because financing by the owned funds in the Period
Trading financial assets Trading financial assets	4,953,811.20	1,777,695.79	178.66%	Mainly due to the change of market value of shares in the period
Account receivable	58,268,507.85	103,147,982.43	-43.51%	Mainly because account received in the Period
Account paid in advance	25,832,695.42	7,779,877.27	232.05%	Mainly because the tea import has been paid in advance in the Period
Other current assets	66,544,490.74	3,911,623.17	1,601.20%	Mainly because financing by the owned funds in the Period
Account payable	31,072,228.84	17,679,451.23	75.75%	Material purchasing are increased in the Period
Other payables	21,523,757.48	48,845,820.69	-55.94%	Major transaction amount are paid in the Period
Operation tax	9,353,461.16	363,563.74	2,472.72%	Tax from Emerald Apartment project are paid in

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Net income of change of fair value	3,176,115.41	397,336.94	699.35%	Mainly due to the change of market value of shares in the period
Non-operating income	5,923,714.27	1,927,068.41	207.40%	Compensation from Sunrise are received in the Period

Major changes on profit composition or profit resources in reporting period

Applicable Not applicable

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

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

Applicable Not applicable

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	116,349,264.38	98,582,139.92	15.27%	-1.36%	2.17%	-2.93%
Real estate	46,371,344.00	6,992,547.85	84.92%	-	-	-
According to products						
Soft drink	11,054,286.98	8,191,716.52	25.90%	-24.47%	-20.97%	-3.27%
Condiment	4,431,678.01	2,639,386.94	40.44%	-19.78%	-20.72%	0.71%
Tea products	100,863,299.39	87,751,036.46	13.00%	3.14%	5.99%	-2.34%
Commercial residential building	46,371,344.00	6,992,547.85	84.92%	-	-	-
According to region						
Exportation	4,425,260.54	3,233,921.87	26.92%	-36.12%	-29.49%	-6.87%
South China	82,715,122.48	35,567,147.67	57.00%	72.94%	-4.03%	34.49%
North China	9,067,068.17	8,017,118.54	11.58%	-2.73%	-7.05%	4.11%

East China	49,212,498.32	42,520,421.24	13.60%	9.68%	12.71%	-2.32%
Central China	14,061,963.42	12,312,827.20	12.44%	130.37%	122.02%	3.29%
Other	3,786,375.45	3,923,251.25	-3.61%	18.32%	33.36%	-11.68%

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) Foreign investment

√ Applicable □ Not applicable

Foreign investment		
Investment amount in the Period (RMB)	Investment amount in same period of last year(RMB)	Changes
3,825,000.00	0.00	100.00%
Invested company		
Company	Main business	Equity ratio of the listed company in invested company
Shenbao Shengyuan (Beijing) Food Co., Ltd.	Sales of food; electronic products, daily necessities, mechanical equipments, hardware and electrical equipments, and clothing; provide technology promotion services; organize cultural and artistic exchange activities (not including the performance); undertake exhibitions; do marketing researches; design and make the computer graphics; design, make, agent, agents, and release advertisements; import and export goods; agent import and export. (The projects that are subject to approval by the relevant departments should be carried out according to the approved contents.	51.00%

(2) Securities investment

√ Applicable □ Not applicable

Variety of securities	Code of securities	Short form of securities	Initial investment cost(RMB)	Amount of stock-holding at the	Proportion of stock-holding	Amount of stock-holding at the end of the	Proportion of stock-holding at	Book value at the end of the period (RMB)	Gains and loss in the reporting (RMB)	Accounting subject	Source of stock
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ies)	beginning of the period (Share)	lding at the beginnin g of the period	period (Share)	the end of the period				
Stock	000017	Zhonghua-A	-	258,011	0.05%	258,011	0.05%	4,953,811.20	3,176,115.41	Financial assets available for sale	Paid shares from debt reorganization
Total			-	258,011	--	258,011	--	4,953,811.20	3,176,115.41	--	--

2. Trust management , derivative investment and entrusted loans

Trust management

√ Applicable □ Not applicable

In 10 thousand Yuan

Trustee	Related relationship	Related transaction (Y/N)	Products	Amount entrusted	Stars	Ended	Remuneration determination	Principal actually received in the period	Predicted income	Amount actually loss in the Period
Shenzhen branch of SPDB	N/A	N	Financial product	3,000	2015-03-25	2015-06-25	Pledgeable income	3,000	38.25	38.25
Shenzhen branch of SPDB	N/A	N	Financial product	1,000	2015-04-10	2015-05-13	Pledgeable income	1,000	4.31	4.31
China CITIC Bank	N/A	N	Financial product	2,000	2015-03-24	2015-05-20	Floating profit	2,000	18.11	18.11
China CITIC Bank	N/A	N	Financial product	3,000	2015-03-24		Floating profit		28.8	
China CITIC Bank	N/A	N	Financial product	2,000	2015-05-22		Floating profit		11.4	
China CITIC Bank	N/A	N	Financial product	1,000	2015-06-11		Floating profit		5.7	
Shenzhen Rural Commercial	N/A	N	Financial product	300	2015-06-24	2015-07-08	Floating profit	300	0.58	0.58

bank										
Total			12,300	--	--	--		6,300	107.15	61.25
Capital source of the trust management	Owned fund									
Accumulative overdue principal and income unrevoked	0									
Cases involving lawsuit(if applicable)	Not applicable									
Date of the Board disclosed for trust management approval (if any)	2015-03-21									

3. Application of raised proceeds

Applicable Not applicable

(1)Overall application of raised proceeds

Applicable Not applicable

In 10 thousand Yuan

Total raised proceeds	57,239.21
Total raised proceeds invested during the reporting period	2,389.18
Total accumulative raised proceeds invested	47,341.37
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	
<p>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. Up to 30th June 2015, accumulative investment RMB473,413,662.21 are contributed in the fund-raised projects, of which, RMB 66,221,936.38 used during the accounting period from 24 June 2011 to 31 December 2011; RMB 160,604,613.69 used in the year of 2012; and in 2013, RMB 138,192,148.43 are used; RMB 84,503,187.73 for year of 2014 and RMB 23,891,775.98 for the first half year of 2015. Balance of the fund-raised amounting to RMB36,926,681.07 (deducted the RMB 80,000,000.00 for current capital</p>	

supplementation) up to 30 June 2015, RMB 17,948,201.39 interest income included.

(2) Situation of committed project of raised proceeds

√ Applicable □ Not applicable

In 10 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 (Y/N)	Project feasibility was changed hugely or not(Y/N)
Investment project commitment										
1. Acquisition of 48.33% equity from Shenbao Huacheng	N	6,510.05	6,510.05	0	6,510.05	100.00%	2011-07-31	-205.57	Y	N
2. Comprehensive Investment Project of Tea Industry Chain	N	27,000.00	27,000.00	832.12	17,952.20	66.49%	2015-09-30	-250.38	N	N
3. Comprehensive Project with Annual Capacity of 300 Tons Catechin	Y	15,500.00						-	Not applicable	Y
4. Chain Project for Classical Tea Leaves	Y	3,000.00						-	Not applicable	N
5. Project of R&D Center for Tea and Natural Plants	Y	4,000.00						-	Not applicable	N
6. Expansion Project of Condiment Production Line	Y	4,000.00						-	Not applicable	Y
7. Project of Developing High-end Brand Classical Tea			15,500.00	1,557.06	14,465.81	93.33%	2016-04-30		N	N
8. Establishment of joint venture of Zhejiang Shen Shenbao Huafa Tea Co., Ltd.			3,000.00	0	3,000.42	100.00%	2012-12-31		Y	N
9. Project of R&D Center for Tea and Natural Plants			5,229.17	0	5,412.89	100.00%	2014-12-31		Y	N
Total of commitment projects	--	60,010.05	57,239.22	2,389.18	47,341.37	--	--	-455.95	--	--
Investment of raised fund										

Total	--	60,010.05	57,239.22	2,389.18	47,341.37	--	--	-455.95	--	--
Particular about not coming up to schemed progress or expected revenue and the reason(In specific project)	Comprehensive Investment Project of Tea Industry Chain and project of Developing High-end Brand Classical Tea were both in the incubation period, which didn't meet the expected income.									
Explanation on great changes of feasibility of project	<p>1. Comprehensive Project with Annual Capacity of 300 Tons Catechin: by virtue of technical innovation, the Company made comprehensive enhancements in the original production crafts for instant tea powder, pursuant to which, the production line for instant tea powder was equipped with the function of producing catechin and natural plant products. Therefore, the Company was able to develop and produce catechin and natural plant products for sales, satisfying demands from its existing and new customers. As compared to the original plan on implementing the Comprehensive Project with Annual Capacity of 300 Tons Catechin, the Company can be better served with such innovated technologies to make comprehensive use of the production line of instant tea powder, with fewer equipments allocation, more efficient benefits, reduction of fixed assets allocation and amortization, so as to improve the integrated profitability of the Company. In order to effectively prevent from investment risks and protect the interests of the Company and its shareholders, the Company, with careful and prudent consideration, decided to cancel the Comprehensive Project with Annual Capacity of 300 Tons Catechin and thereby to change the proceeds application purposes.</p> <p>2. Expansion Project of Condiment Production Line: despite that the prospectus of condiment market was positive; the furious market competition can't be ignored. In case that the Company wanted to make significant breakthrough in the furious market competition based on the prevailing operation condition of condiment, the Company was required to allocate material human, assets and property resources. In 2011, the Company experienced significant drop in income from its condiment operation, recording relatively material losses. Considering that it had no advantage in condiment operation, the Company would face relatively significant market risks and uncertainty if the original resources allocation couldn't meet the expected target. By virtue of the non-public offering, the Company determined its development direction for tea industry, namely Natural, Green and Healthy, in 2011. According to the development strategy, the Company would focus on expanding tea industry. Therefore, the Company cancelled the Expansion Project of Condiment Production Line, and applied the proceeds for such project to investment in the Project of R&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 4 September 2014, the “Proposal of Using Part of Idle Fund Raised for Supplement Current Capital Temporary Again” was deliberated and approved in First General Meeting of 2014 with part of the fund raised RMB 80 million to supplement current capital of the Company for 12 months at most. The above fund raised will be return On 30 July 2015.
Balance of fund raised in way of implementation and reasons	Applicable In recent years, the company has comprehensively improved and optimized and upgraded its production technology by continuous technological innovation. When refinancing funds to put into the projects, the company has used the raised funds according to the actual situation and based on the economical and reasonable and effective principle, strictly controlled the expenses of raised funds in the premise of ensuring the project construction quality, fully considered the comprehensive utilization of resources, strengthened the control, supervision and management to project costs, reduced the engineering costs, and saved the project costs. Therefore, the raised funds generated surplus. Up to August 10, 2015, the total surplus of raised funds is 116, 207, 900 yuan (including the interests). In order to increase the use efficiency of raised funds, reduce the financial costs and maintain the interests of company and investors, the company convoked the 20 th meeting of the eighth board of director on August 21, 2015 which deliberated and passed the “Motion about permanently supplementing the surplus of raised funds to the circulating funds”, and agreed to permanently supplement the raised funds surplus of total 116, 207, 900 yuan (including the interests, the specific is subject to the amount on transfer day) to the circulating funds, this motion should be implemented after the deliberation of the general meeting of stockholders.
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.

(3)The changed project of raised proceeds

√ Applicable □ Not applicable

In 10 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 (Y/N)	Whether the feasibility of the project changed after the alteration (Y/N)
Investment development project for high-end brand classical tea	Comprehensive Project with Annual Capacity of 300 Tons Catechin /Chain Project of Classical Tea Leaves	15,500.00	1,557.06	14,465.81	93.33%	2016-04-30		N	N
Jointly incorporation of Zhejiang Shenbao Huafa Tea Co., Ltd.	Comprehensive Project with Annual Capacity of 300 Tons Catechin	3,000.00	0	3,000.42	100.00%	2012-12-31		Y	N
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	0	5,412.89	100.00%	2014-12-31		Y	

Total	--	23,729.17	1,557.06	22,879.12	--	--	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 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.</p> <p>2. Cancel the “Expansion Project of Condiment Production Line”: despite that the prospectus of condiment market was positive; the furious market competition can’t be ignored. In case that the Company wanted to make significant breakthrough in the furious market competition based on the prevailing operation condition of condiment, the Company was required to allocate material human, assets and property resources. In 2011, the Company experienced significant drop in income from its condiment operation, recording relatively material losses. Considering that it had no advantage in condiment operation, the Company would face relatively significant market risks and uncertainty if the original resources allocation couldn’t meet the expected target. The Company determined its development direction for tea industry, namely Natural, Green and Healthy. According to the development strategy, the Company would focus on expanding tea industry. Therefore, the Company cancelled the Expansion Project of Condiment Production Line, and applied the proceeds for such project to investment in the Project of R&D Center for Tea and Natural Plants.</p> <p>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</p>							

	<p>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 Ju Fang Yong 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> <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>
Not meet the scheduled progress or projected benefits, and reasons for that (based on specific project)	Project of Developing High-end Brand Classical Tea was in the incubation period, which didn't meet the expected income.
Explanation on significant changes in feasibility of projects	Not applicable

(4) Project of raised proceeds

Project of raised proceeds and summary	Disclosure date	Disclosure index
"Special Report of Raised Proceeds Deposit and Utilization for Semi-Annual of 2015 of Shenzhen Shenbao Industrial Co., Ltd."	2015-08-25	Juchao Website(www.cninfo.com.cn)

4. Main subsidiaries and stock-jointly companies

√ Applicable □ Not applicable

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	193,715,176.33	159,361,243.25	74,200,210.97	-5,415,808.42	-3,545,096.49

Shenshenbao Investment	Subsidiary	Comprehensive	Investment management	50,000,000.00	57,272,387.21	52,590,730.70	156,314.52	-2,570,137.08	-2,570,137.08
Wuyuan Ju Fang Yong	Subsidiary	Manufacture	Tea products	290,000,000.00	354,589,124.74	312,214,239.94	53,795,346.15	-974,764.94	-512,264.94
Shenzhen Technology Center	Subsidiary	Science research and technology service	Development, consulting and transfer of the technology	54,000,000.00	48,965,106.36	46,901,058.13	20,451.21	-2,031,064.17	-2,031,064.17
Huizhou Shenbao Technology	Subsidiary	Comprehensive	Condiment, softdrinks	60,000,000.00	223,604,922.36	35,564,466.27	15,485,964.99	-706,469.90	-706,469.90
Hangzhou Ju Fang Yong	Subsidiary	Comprehensive	Tea products	175,000,000.00	161,491,507.98	153,580,941.48	10,262,843.72	-9,723,168.83	-9,819,490.48

VI. Prediction of business performance from January – September 2015

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

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

VIII. Profit distribution and share converted from capital reserve in the Period

Applicable Not applicable

The Company has no plans of cash dividend distributed, no bonus shares and has no share converted from capital reserve either in semi-annual of the Year.

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

Applicable Not applicable

Time	Place	Way	Type	Reception	Contents discussed and material provided
2015-01-01	The Company	Q&A of the Interactive system of the SSE	Personal	Investor	Inquiry of numbers of shareholders of the Company
2015-01-04	The Company	Telephone communication	Personal	Investor	Consulting sales of the Emerald Apartment and Company's operation
2015-01-09	The Company	Telephone communication	Personal	Investor	Seeking cooperation and realize the operation condition of the Company
2015-01-12	The Company	Telephone communication	Personal	Investor	Realize the performance of the Company
2015-01-15	The Company	Telephone communication	Personal	Investor	Realize the performance of the Company
2015-01-23	The Company	Telephone communication	Personal	Investor	Consulting information disclosure issues and shareholders of the Company
2015-01-30	The	Q&A of the	Personal	Investor	Consulting property relations of the Emerald

	Company	Interactive system of the SSE			Apartment
2015-02-02	The Company	Q&A of the Interactive system of the SSE	Personal	Investor	Realize the performance of the Company
2015-02-14	The Company	Q&A of the Interactive system of the SSE	Personal	Investor	Consulting whether the Company has a re-organization plan or not
2015-02-25	The Company	Telephone communication	Personal	Investor	Consulting operation of the Company and whether has a re-organization plan or not
2015-03-02	The Company	Telephone communication	Personal	Investor	Consulting the annual development plans and progress of the Pu'er Tea projects
2015-03-04	The Company	Q&A of the Interactive system of the SSE	Personal	Investor	Consulting numbers of the shareholders
2015-03-10	The Company	Q&A of the Interactive system of the SSE	Personal	Investor	Make recommendations on brand strategy
2015-03-12	The Company	Q&A of the Interactive system of the SSE	Personal	Investor	Make recommendations on brand strategy
2015-03-13	The Company	Telephone communication	Personal	Investor	Consulting the main business development of the Company
2015-03-14	The Company	Q&A of the Interactive system of the SSE	Personal	Investor	Make recommendations on main business development of the Company
2015-03-20	The Company	Q&A of the Interactive system of the SSE	Personal	Investor	Make recommendations on development strategy of the Company
2015-03-21	The Company	Q&A of the Interactive system of the SSE	Personal	Investor	Make recommendations on brand strategy

2015-03-27	The Company	Q&A of the Interactive system of the SSE	Personal	Investor	Consulting whether the Company has re-organization intention or not
2015-03-28	The Company	Q&A of the Interactive system of the SSE	Personal	Investor	Make recommendations on brand strategy
2015-04-01	The Company	Telephone communication	Personal	Investor	Consulting the main business development of the Company and saels of the Emerald Apartment and whether has a re-organization plan or not
2015-04-01	The Company	Q&A of the Interactive system of the SSE	Personal	Investor	Realize the performance appraisal condition and development strategy of the Company
2015-04-08	The Company	Q&A of the Interactive system of the SSE	Personal	Investor	Make recommendations on brand strategy
2015-04-10	The Company	Q&A of the Interactive system of the SSE	Personal	Investor	Make recommendations on main business development of the Company
2015-04-15	The Company	Telephone communication	Personal	Investor	Consulting sales of the Emerald Apartment and Company's operation
2015-04-16	The Company	Telephone communication	Personal	Investor	Consulting operation of the Company and sales of the Emerald Apartment
2015-04-29	The Company	Telephone communication	Personal	Investor	Make recommendations on main business development of the Company
2015-05-04	The Company	Q&A of the Interactive system of the SSE	Personal	Investor	Consulting the main business development of the Company
2015-05-11	The Company	Telephone communication	Personal	Investor	Make recommendations on main business development of the Company
2015-05-13	The Company	Field research	Institution	Yong An Furures	Consulting the operation status of the Company and main business development
2015-05-15	The Company	Telephone communication	Personal	Investor	Consulting the shareholders and general elections
2015-05-15	The	Q&A of the	Personal	Investor	Make recommendations on development strategy of

	Company	Interactive system of the SSE			the Company
2015-05-21	The Company	Telephone communication	Personal	Investor	Consulting information disclosure issues and shareholders of the Company
2015-05-22	The Company	Q&A of the Interactive system of the SSE	Personal	Investor	Make recommendations on development strategy of the Company
2015-05-25	The Company	Q&A of the Interactive system of the SSE	Personal	Investor	Consulting the shareholders and make recommendations on brand strategy
2015-05-28	The Company	Field research	Institution	BoCom-Schroders Fund, Broad Capital, CIFM, Huashang Fund	Consulting the operation status fo the Company and main business development
2015-05-28	The Company	Field research	Institution	Tianhong Assets	Consulting the operation status fo the Company and main business development
2015-05-29	The Company	Q&A of the Interactive system of the SSE	Personal	Investor	Make recommendations on brand strategy
2015-06-02	The Company	Q&A of the Interactive system of the SSE	Personal	Investor	Make recommendations on main business development of the Company
2015-06-05	The Company	Telephone communication	Personal	Investor	Consulting saels of the Emerald Apartment and whether has a re-organization plan or not
2015-06-08	The Company	Telephone communication	Personal	Investor	Consulting saels of the Emerald Apartment and whether has a re-organization plan or not
2015-06-08	The Company	Telephone communication	Personal	Investor	Assist in handling registration required by B-share shareholders
2015-06-15	The Company	Q&A of the Interactive system of the SSE	Personal	Investor	Consulting numbers of the shareholders
2015-06-17	The Company	Telephone communication	Personal	Investor	Realize shareholders of the Company
2015-06-25	The	Telephone	Institution	Huatai	Wish to make an appointment to research

	Company	communication		Securiteis	
2015-06-29	The Company	Telephone communication	Personal	Investor	Consulting whether stock of the Company suspended or not
2015-06-29	The Company	Telephone communication	Personal	Investor	Realize operation development condition

The Company did not disclose or leak the un-released material information to the objects while receiving the above mentioned research and communication activities

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. Lawsuits

Significant lawsuits and arbitrations

Applicable Not applicable

There are no significant lawsuits and arbitrations occurred in the period

Other lawsuits

Applicable Not applicable

III. Media questioned

Applicable Not applicable

The Company has no media universality query in the Period

IV. Significant contracts and its implementation

1. Guarantees

Applicable Not applicable

In 10 thousand Yuan

Guarantee for the subsidiaries (not including guarantees to subsidiaries)								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation (Y/N)	Guarantee for related party (Y/N)
Guarantee for the subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation (Y/N)	Guarantee for related party (Y/N)
Shenzhen Shenbao Sanjing Food & Beverage Development Co., Ltd		3,000	2014-04-14	3,000	Joint liability assurance	One year	Y	Y

Shenzhen Shenbao Huacheng Science and Technology Co.,Ltd		3,000	2014-04-14	0	Joint liability assurance	One year	Y	Y	
Shenzhen Shenbao Huacheng Science and Technology Co.,Ltd		3,000	2014-07-07	3,000	Joint liability assurance	One year	N	Y	
Total amount of approving guarantee for subsidiaries in report period (B1)				0	Total amount of actual occurred guarantee for subsidiaries in report period (B2)		6,000		
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)				3,000	Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)		3,000		
Guarantee to subsidiary from subsidiary									
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation (Y/N)	Guarantee for related party (Y/N)	
Total amount of guarantee of the Company(total of three abovementioned guarantee)									
Total amount of approving guarantee in report period(A1+B1+C1)				0	Total amount of actual occurred guarantee in report period(A2+B2+C2)		6,000		
Total amount of approved guarantee at the end of report period (A3+B3+C3)				3,000	Total balance of actual guarantee at the end of report period(A4+B4+C4)		3,000		
The proportion of the total amount of actually guarantee in the net assets of the Company(that is A4+ B4+C4)									3.07%

V. Explanation on other important matters

Applicable Not applicable

Emerald apartment project

According to the “Construction Project Cooperation Agreement” that the Company signed with Shenzhen Jitai Industrial Development Co., Ltd. (hereinafter referred to as "Jitai Industrial Company”), the Company shall develop its land at Wenjin North Road, Luohu District, Shenzhen (land parcel number is H307-0018) with Jitai Industrial Company and build a self-use office building. The Company shall neither invest by any means nor bear any cost for this construction project, and Jitai Industrial Company shall be responsible for the investment and bear all the funds needed for the project construction. The Company has determined that the property allocation proportion of the construction project is based on RMB 42 million yuan which is in terms of the assessed value of land H307-0018. The Company’s property allocation proportion: the proportion of RMB 42 million yuan based on

the assessed value of land H307-0018 in the total cost (i.e. RMB 42 million yuan + all audited and confirmed funds that Jitai Industrial Company shall invest in the project construction); if this proportion is less than 20%, the Company's minimum property allocation proportion shall be 20%. In December 2012, two parties in the project cooperation have agreed to cancel the use of "self-use office building" and change to "Emerald Apartment" commercial housing development project. On Oct. 26, 2014, the commercial residential building has joined in the partnership. "Emerald Apartment" project is applicable to the jointly operated arrangement norm, up to June 30, 2015, Shenbao Company has achieved income of 152,320,050 yuan from the commercial residential building.

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	17,464,616	5.80%						17,464,616	5.80%
1. State-owned corporate shares	8,140,475	2.70%						8,140,475	2.70%
2. Other domestic shares	9,324,141	3.10%						9,324,141	3.10%
Including: Domestic legal person's shares	9,324,141	3.10%						9,324,141	3.10%
Domestic nature person's shares	0	0.00%						0	0.00%
II. Un-restricted shares	283,615,568	94.20%						283,615,568	94.20%
1. RMB common shares	252,252,368	83.78%						252,252,368	83.78%
2. Domestically listed foreign shares	31,363,200	10.42%						31,363,200	10.42%
III. Total shares	301,080,184	100.00%						301,080,184	100.00%

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

In share

Total common shareholders at period-end		22,334	Total preference shareholders with voting rights recovered at end of reporting period (if applicable) (see Note 8)	0				
Particulars about common shares held above 5% by shareholders or top 10 common shareholding								
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Total common shareholders at the end of report period	Changes in report period	Amount of restrict common shares held	Amount of un-restrict common shares held	Number of share pledged/frozen	
							State of share	Amount
Shenzhen Agricultural Products Co., Ltd	Other	19.09%	57,474,117	0	9,324,141	48,149,976		
Shenzhen Investment Holding Co., Ltd	State-owned legal person	16.00%	48,172,304	0	8,140,475	40,031,829		
ABC- Huaxia Stable	Other	1.21%	3,654,826	3,654,826	0	3,654,826		

Growth Mix Stock Fund								
China Resources Szitic Trust Co., Ltd.- Runjin No. 153 Group Asstes Trust Plan	Other	0.91%	2,753,193	2,753,193	0	2,753,193		
South Capital –Ping An Bank – Zengli C Allocation No.2 Asstes Management Plan	Other	0.83%	2,500,000	2,500,000	0	2,500,000		
Sun Huiming	Domestic nature person	0.72%	2,175,850	616,052	0	2,175,850		
Wang Chengping	Domestic nature person	0.66%	2,000,000	588,045	0	2,000,000		
Sun Hongli	Domestic nature person	0.65%	1,961,625	1,961,625	0	1,961,625		
Xiamen International Trust Co., Ltd. –Zhengshang No.1 New Structured Security Investment Group Trust	Other	0.56%	1,695,318	-431,000	0	1,695,318		
Liu Qingfu	Domestic nature person	0.52%	1,562,426	849,326	0	1,562,426		
Explanation on associated relationship among the aforesaid shareholders	Shenzhen SASAC directly holds 26.76% equity interests of Agricultural Products, indirectly holds 5.24% equity interests of Agricultural Products and directly holds 00% 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 common shareholders with un-restrict shares held								
Shareholders	Amount of listed common shares held at end of the Period		Type of shares					
			Type	Amount				
Shenzhen Agricultural Products Co., Ltd	48,149,976		RMB common shares	48,149,976				
Shenzhen Investment Holding Co., Ltd	40,031,829		RMB common shares	40,031,829				
ABC- Huaxia Stable Growth Mix Stock Fund	3,654,826		RMB common shares	3,654,826				
China Resources Szitic Trust Co., Ltd.-	2,753,193		RMB common	2,753,193				

Runjin No. 153 Group Asstes Trust Plan		shares	
South Capital –Ping An Bank – Zengli C Allocation No.2 Asstes Management Plan	2,500,000	RMB common shares	2,500,000
Sun Huiming	2,175,850	Domestically listed foreign shares	2,175,850
Wang Chengping	2,000,000	RMB common shares	2,000,000
Sun Hongli	1,961,625	RMB common shares	1,961,625
Xiamen International Trust Co., Ltd. –Zhengshang No.1 New Structured Security Investment Group Trust	1,695,318	RMB common shares	1,695,318
Liu Qingfu	1,562,426	RMB common shares	1,562,426
Expiation on associated relationship or consistent actors within the top 10 un-restrict common shareholders and between top 10 un-restrict common shareholders and top 10 common shareholders	Shenzhen SASAC directly holds 26.76%equity interests of Agricultural Products, indirectly holds 5.24% equity interests of Agricultural Products and directly holds 00% 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 common shareholders involving margin business (if applicable) (see note 4)	During the reporting period, shareholder of the Company Sun Hongli holds 1,961,625 shares through the guarantee securities account of client credit trading under the name of Huatai Securities Co., Ltd.; shareholder of the Company Liu Qingfu holds 1,562,426 shares through the guarantee securities account of client credit trading under the name of Haitong Securities Co., Ltd.;		

Agreed to buy back deals occurred in Period from top 10 common shareholders, top 10 un-restricted common shareholders

Yes No

Before the reporting period, one of the company’s shareholders, Chengping Wang, has made the repurchase agreement on the 1,261,320 shares of the Company’s share he held with China Investment Securities and made the repurchase agreement on the 479,999 shares of the Company’s share he held with Founder Securities, which totally accounts for 0.58% of the company’s general capital. During the reporting period, Chengping Wang has repurchased all shares involved in the above-mentioned two transactions. Up to the end of the reporting period, Chengping Wang has held 2,000,000 shares of the Company’s share which accounts for 0.66% of the company’s general capital.

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 2014.

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 2014.

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

2015-06-30

In RMB

Items	Ending balance	Opening balance
Current assets:		
Monetary funds	180,974,544.93	267,347,778.44
Financial liability measured by fair value and with variation reckoned into current gains/losses	4,953,811.20	1,777,695.79
Notes receivable	97,806.91	
Accounts receivable	58,268,507.85	103,147,982.43
Accounts paid in advance	25,832,695.42	7,779,877.27
Other receivables	29,400,814.07	24,689,122.83
Inventories	137,361,701.75	130,041,684.50
Divided into assets held for sale		
Non-current asset due within one year		
Other current assets	66,544,490.74	3,911,623.17
Total current assets	503,434,372.87	538,695,764.43
Non-current assets:		
Financial assets available for sale	57,500.00	57,500.00
Hold-to-maturity investment		
Long-term account receivable		

Long-term equity investment	1,066,403.37	1,042,686.34
Investment real estate		
Fixed assets	387,286,572.05	397,461,013.05
Construction in process	5,250,335.30	4,040,726.71
Disposal of fixed asset		
Productive biological assets	436,156.00	436,156.00
Intangible assets	193,639,251.23	196,961,086.80
Expense on Research and Development	1,402,869.39	
Goodwill		
Long-term expenses to be apportioned	12,331,571.45	12,961,711.79
Deferred income tax asset	2,699,691.68	2,955,622.47
Other non-current asset		
Total non-current asset	604,170,350.47	615,916,503.16
Total assets	1,107,604,723.34	1,154,612,267.59
Current liabilities:		
Short-term loans		40,000,000.00
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Notes payable		
Accounts payable	31,072,228.84	17,679,451.23
Accounts received in advance	4,086,009.73	3,162,385.52
Wage payable	6,397,638.11	7,837,260.80
Taxes payable	23,326,884.01	24,901,069.25
Interest payable		
Dividend payable	2,909,182.74	2,909,182.74
Other accounts payable	21,523,757.48	48,845,820.69
Divided into liability held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	89,315,700.91	145,335,170.23
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: preferred stock		

Perpetual capital securities		
Long-term account payable		
Long-term wages payable		
Special accounts payable		
Projected liabilities		
Deferred income	13,807,128.85	14,376,120.78
Deferred income tax liabilities	2,018,756.94	1,262,646.50
Other non-current liabilities		
Total non-current liabilities	15,825,885.79	15,638,767.28
Total liabilities	105,141,586.70	160,973,937.51
Owner's equity:		
Share capital	301,080,184.00	301,080,184.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital public reserve	518,186,429.67	518,186,429.67
Less: Inventory shares		
Other comprehensive income		
Reasonable reserve		
Surplus public reserve	49,483,448.58	49,483,448.58
Retained profit	107,445,690.63	102,128,156.68
Total owners equity attributable to parent Company	976,195,752.88	970,878,218.93
Minority interests	26,267,383.76	22,760,111.15
Total owners equity	1,002,463,136.64	993,638,330.08
Total liabilities and shareholders equity	1,107,604,723.34	1,154,612,267.59

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

In RMB

Items	Ending balance	Opening balance
Current assets:		
Monetary funds	99,746,851.98	150,507,919.56
Financial liability measured by fair value and with variation reckoned into current gains/losses	4,953,811.20	1,777,695.79
Notes receivable		
Accounts receivable	14,832,922.57	66,943,467.46
Accounts paid in advance		
Interest receivable		
Dividend receivable		
Other receivables	304,878,298.41	226,739,055.48
Inventories	32,046.08	6,787,542.82
Divided into assets held for sale		
Non-current asset due within one year		
Other current assets	60,036,430.68	
Total current assets	484,480,360.92	452,755,681.11
Non-current assets:		
Financial assets available for sale		
Hold-to-maturity investment		
Long-term account receivable		
Long-term equity investment	879,110,475.04	879,110,475.04
Investment real estate	21,772,090.63	22,185,674.71
Fixed assets	53,852,418.65	54,632,801.84
Construction in process		
Engineering material		
Disposal of fixed asset		
Productive biological assets	436,156.00	436,156.00
Intangible assets	7,927,074.31	7,849,895.35
Expense on Research and Development		
Goodwill		

Long-term expenses to be apportioned	852,550.44	904,608.11
Deferred income tax asset	1,418,627.26	1,595,828.95
Other non-current asset		
Total non-current asset	965,369,392.33	966,715,440.00
Total assets	1,449,849,753.25	1,419,471,121.11
Current liabilities:		
Short-term loans		40,000,000.00
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Notes payable		
Accounts payable	21,892,854.35	31,618,075.33
Accounts received in advance	523,043.09	537,767.09
Wage payable	2,289,340.00	2,963,536.35
Taxes payable	22,503,560.24	23,882,099.83
Interest payable		
Dividend payable	2,909,182.74	2,909,182.74
Other accounts payable	257,459,039.71	197,493,420.54
Divided into liability held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	307,577,020.13	299,404,081.88
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Long-term account payable		
Long-term wages payable		
Special accounts payable		
Projected liabilities		
Deferred income	49,920.00	49,920.00
Deferred income tax liabilities	794,028.85	
Other non-current liabilities		

Total non-current liabilities	843,948.85	49,920.00
Total liabilities	308,420,968.98	299,454,001.88
Owners equity:		
Share capital	301,080,184.00	301,080,184.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital public reserve	532,984,264.34	532,984,264.34
Less: Inventory shares		
Other comprehensive income		
Reasonable reserve		
Surplus public reserve	49,483,448.58	49,483,448.58
Retained profit	257,880,887.35	236,469,222.31
Total owners equity	1,141,428,784.27	1,120,017,119.23
Total liabilities and owners equity	1,449,849,753.25	1,419,471,121.11

3. Profit statement

In RMB

Items	Current Period	Last Period
I. Total operating income	163,356,143.27	118,250,169.14
Including: Operating income	163,356,143.27	118,250,169.14
II. Total operating cost	165,826,500.44	147,437,528.99
Including: Operating cost	105,577,753.76	96,487,715.91
Operating tax and extras	9,353,461.16	363,563.74
Sales expenses	16,889,715.14	14,666,176.74
Administration expenses	34,606,106.08	36,953,716.61
Financial expenses	-461,784.95	-1,033,644.01
Losses of devaluation of asset	-138,750.75	
Add: Changing income of fair value (loss is listed with “-”)	3,176,115.41	397,336.94
Investment income (loss is listed with “-”)	630,451.04	2,853,055.86

Including: Investment income on affiliated Company and joint venture	23,717.03	
Exchange gains (loss is listed with “-“)		
III. Operating profit (loss is listed with “-“)	1,336,209.28	-25,936,967.05
Add: Non-operating income	5,923,714.27	1,927,068.41
Including: Disposal gains of non-current asset		1,000.00
Less: Non-operating expense	49,812.21	36,018.31
Including: Disposal loss of non-current asset	14,032.21	36,018.31
IV. Total Profit (loss is listed with “-“)	7,210,111.34	-24,045,916.95
Less: Income tax	4,685,304.78	517,581.33
V. Net profit (loss is listed with “-“)	2,524,806.56	-24,563,498.28
Net profit attributable to owner’s equity of parent Company	5,317,533.95	-23,382,126.99
Minority shareholders’ gains and losses	-2,792,727.39	-1,181,371.29
VI. Net after-tax of other comprehensive income		
Net after-tax of other comprehensive income attributable to owners of parent company		
(I) Other comprehensive income items which will not be reclassified subsequently to profit or loss		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1. Translation differences arising on translation of foreign currency financial statements		
2. Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total consolidated income	2,524,806.56	-24,563,498.28
Total consolidated income	5,317,533.95	-23,382,126.99

attributable to owners of parent Company		
Total consolidated income attributable to minority shareholders	-2,792,727.39	-1,181,371.29
VIII. Earnings per share:		
(I) Basic earnings per share	0.0177	-0.0777
(II) Diluted earnings per share	0.0177	-0.0777

As for the enterprise combined un the same control, the combined party achiev net profit of RMB 0 before combination, achived net profit RMB 0 in last period

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

In RMB

Items	Current Period	Last Period
I. Operation income	85,480,126.14	25,273,018.64
Less: Operation cost	43,785,055.08	22,911,987.88
Operating tax and extras	8,801,662.97	67,200.00
Sales expenses	2,071,906.33	1,545,164.84
Administration expenses	12,442,266.36	14,548,779.25
Financial expenses	-271,686.64	-302,382.86
Losses of devaluation of asset	-26,186.58	
Add: Changing income of fair value (loss is listed with “-“)	3,176,115.41	397,336.94
Investment income(loss is listed with “-“)	606,734.01	4,452,349.39
Including: Investment income on affiliated Company and joint venture		
II. Operating profit (loss is listed with “-“)	22,459,958.04	-8,648,044.14
Add: Non-operating income	3,554,722.34	
Including: Disposal gains of non-current asset		
Less: Non-operating expense		17,101.29
Including: Disposal loss of		17,101.29

non-current asset		
III. Total Profit (loss is listed with “-“)	26,014,680.38	-8,665,145.43
Less: Income tax	4,603,015.34	-91,201.62
IV. Net profit (loss is listed with “-“)	21,411,665.04	-8,573,943.81
V. Net after-tax of other comprehensive income		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1. Translation differences arising on translation of foreign currency financial statements		
2. Other		
VI. Total consolidated income	21,411,665.04	-8,573,943.81
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated cash flow statement

In RMB

Items	Current Period	Last Period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	231,581,682.29	164,248,625.23
Write-back of tax received	940,545.56	420,918.45
Other cash received concerning operating activities	9,049,894.30	4,216,756.46
Subtotal of cash inflow arising from operating activities	241,572,122.15	168,886,300.14
Cash paid for purchasing commodities and receiving labor service	124,449,613.36	140,490,058.23

Cash paid to/for staff and workers	34,380,163.13	30,400,666.87
Taxes paid	22,788,110.39	17,886,219.78
Other cash paid concerning operating activities	38,040,619.09	28,013,302.48
Subtotal of cash outflow arising from operating activities	219,658,505.97	216,790,247.36
Net cash flows arising from operating activities	21,913,616.18	-47,903,947.22
II. Cash flows arising from investing activities:		
Cash received from recovering investment	60,000,000.00	
Cash received from investment income		
Net cash received from disposal of fixed, intangible and other long-term assets	7,000.00	45,053.96
Net cash received from disposal of subsidiaries and other units		18,039,785.00
Other cash received concerning investing activities	606,734.01	
Subtotal of cash inflow from investing activities	60,613,734.01	18,084,838.96
Cash paid for purchasing fixed, intangible and other long-term assets	11,998,921.67	35,327,793.35
Cash paid for investment	123,000,000.00	
Net increase of hypothecated loan		
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	134,998,921.67	39,944,987.80
Net cash flows arising from investing activities	-74,385,187.66	-21,860,148.84
III. Cash flows arising from financing activities:		
Cash received from absorbing	6,300,000.00	

investment		
Including: Cash received from absorbing minority shareholders' investment by subsidiaries	6,300,000.00	
Cash received from loans		90,000,000.00
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	6,300,000.00	90,000,000.00
Cash paid for settling debts	40,000,000.00	
Cash paid for dividend and profit distributing or interest paying	159,000.00	879,812.76
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	40,159,000.00	879,812.76
Net cash flows arising from financing activities	-33,859,000.00	89,120,187.24
IV. Influence on cash due to fluctuation in exchange rate	-42,662.03	115,885.58
V. Net increase of cash and cash equivalents	-86,373,233.51	19,471,976.76
Add: Balance of cash and cash equivalents at the period -begin	266,847,778.44	243,452,272.91
VI. Balance of cash and cash equivalents at the period -end	180,474,544.93	262,924,249.67

6. Cash flow statement of parent company

In RMB

Items	Current Period	Last Period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	143,902,587.96	46,660,937.69

Write-back of tax received	222,117.20	
Other cash received concerning operating activities	7,389,813.31	1,294,406.08
Subtotal of cash inflow arising from operating activities	151,514,518.47	47,955,343.77
Cash paid for purchasing commodities and receiving labor service	67,408,641.10	42,761,769.51
Cash paid to/for staff and workers	9,165,978.50	10,313,026.71
Taxes paid	15,035,678.71	12,114,941.26
Other cash paid concerning operating activities	10,445,172.69	61,100,512.24
Subtotal of cash outflow arising from operating activities	102,055,471.00	126,290,249.72
Net cash flows arising from operating activities	49,459,047.47	-78,334,905.95
II. Cash flows arising from investing activities:		
Cash received from recovering investment	60,000,000.00	
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	606,734.01	
Subtotal of cash inflow from investing activities	60,606,734.01	34,495,053.96
Cash paid for purchasing fixed, intangible and other long-term assets	667,787.00	381,537.00
Cash paid for investment	120,000,000.00	
Net cash received from subsidiaries and other units		50,000,000.00
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing	120,667,787.00	50,381,537.00

activities		
Net cash flows arising from investing activities	-60,061,052.99	-15,886,483.04
III. Cash flows arising from financing activities:		
Cash received from absorbing investment		
Cash received from loans		60,000,000.00
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities		60,000,000.00
Cash paid for settling debts	40,000,000.00	
Cash paid for dividend and profit distributing or interest paying	159,000.00	586,562.76
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	40,159,000.00	586,562.76
Net cash flows arising from financing activities	-40,159,000.00	59,413,437.24
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-62.06	984.52
V. Net increase of cash and cash equivalents	-50,761,067.58	-34,806,967.23
Add: Balance of cash and cash equivalents at the begin of year	150,507,919.56	91,582,439.80
VI. Balance of cash and cash equivalents at the end of period	99,746,851.98	56,775,472.57

7. Consolidated Statement on Changes of Owners' Equity

Current Period

In RMB

Items	Current Period												
	Owners' equity attributable to the parent company											Minority's equity	Total owners' equity
	Share capital	Other equity instrument			Capital reserves	Less: Treasury Stock	Other comprehensive income	Reasonable reserve	Surplus reserves	General risk provision	Retained profit		
	Preferred stock	Perpetual capital securities	Other										
I. Balance at the end of the last year	301,080,184.00				518,186,429.67				49,483,448.58		102,128,156.68	22,760,111.15	993,638,330.08
Add: Changes of accounting policy													
Error correction of the last period													
Enterprise combine under the same control													
Other													
II. Balance at the beginning of this year	301,080,184.00				518,186,429.67				49,483,448.58		102,128,156.68	22,760,111.15	993,638,330.08
III. Increase/ Decrease in this year (loss is listed with "-")											5,317,533.95	3,507,272.61	8,824,806.56
(i) Total comprehensive income											5,317,533.95	-2,792,727.39	2,524,806.56

(ii) Owners' devoted and decreased capital													6,300,000.00	6,300,000.00
1.Common shares invested by shareholders													6,300,000.00	6,300,000.00
2. Capital invested by holders of other equity instruments														
3. Amount reckoned into owners equity with share-based payment														
4. Other														
(III) Profit distribution														
1. Withdrawal of surplus reserves														
2. Withdrawal of General risk provision														
3. Distribution for owners (or shareholders)														
4. Other														
(IV) Carrying forward internal shareholders' equity														
1. Capital reserves conversed to share														

capital													
2. Surplus reserves converted to share capital													
3. Remedying loss with surplus reserve													
4. Other													
(V) Reasonable reserve													
1. Withdrawal in the report period													
2. Usage in the report period													
(VI)Others													
IV. Balance at the end of the report period	301,080,184.00				518,186,429.67				49,483,448.58		107,445,690.63	26,267,383.76	1,002,463,136.64

Last year

In RMB

Items	Last year												
	Owners' equity attributable to the parent company											Minority's equity	Total owners' equity
	Share capital	Other equity instrument			Capital reserves	Less: Treasury Stock	Other comprehensive income	Reasonable reserve	Surplus reserves	General risk provision	Retained profit		
	Preferred stock	Perpetual capital securities	Other										
I. Balance at the end of the last year	250,900,154.00				568,362,471.52		2,966,659.20		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													
Enterprise combine under the same control													
Other													
II. Balance at the beginning of this year	250,900,154.00			568,362,471.52		2,966,659.20		45,001,147.33		93,286,637.50	51,167,623.63	1,011,684,693.18	
III. Increase/Decrease in this year (loss is listed with “-“)	50,180,030.00			-50,176,041.85		-2,966,659.20		4,482,301.25		8,841,519.18	-28,407,512.48	-18,046,363.10	
(i) Total comprehensive income						-2,966,659.20				13,323,820.43	802,370.94	11,159,532.17	
(ii) Owners' devoted and decreased capital											-29,209,883.42	-29,209,883.42	
1.Common shares invested by shareholders											2,625,000.00	2,625,000.00	
2. Capital invested by holders of other equity instruments													
3. Amount reckoned into owners equity with share-based													

payment													
4. Other												-31,834,883.42	-31,834,883.42
(III) Profit distribution									4,482,301.25		-4,482,301.25		
1. Withdrawal of surplus reserves									4,482,301.25		-4,482,301.25		
2. Withdrawal of general risk provision													
3. Distribution for owners (or shareholders)													
4. Other													
(IV) Carrying forward internal shareholders' equity	50,180,030.00				-50,176,041.85								3,988.15
1. Capital reserves converted to share capital	50,180,030.00				-50,180,030.00								
2. Surplus reserves converted to share capital													
3. Remedying loss with surplus reserve													
4. Other					3,988.15								3,988.15
(V) Reasonable reserve													
1. Withdrawal in the report period													

2. Usage in the report period													
(VI)Others													
IV. Balance at the end of the report period	301,080,184.00				518,186,429.67				49,483,448.58		102,128,156.68	22,760,111.15	993,638,330.08

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

Current Period

In RMB

Items	Current Period										
	Share capital	Other equity instrument			Capital reserves	Less: Treasury Stock	Other comprehensive income	Reasonable reserve	Surplus reserves	Retained profit	Total owners' equity
		Preferred stock	Perpetual capital securities	Other							
I. Balance at the end of the last year	301,080,184.00				532,984,264.34				49,483,448.58	236,469,222.31	1,120,017,119.23
Add: Changes of accounting policy											
Error correction of the last period											
Other											
II. Balance at the beginning of this year	301,080,184.00				532,984,264.34				49,483,448.58	236,469,222.31	1,120,017,119.23
III. Increase/ Decrease in this year (loss is listed with "-")										21,411,665.04	21,411,665.04

(i) Total comprehensive income											21,411,665.04	21,411,665.04
(ii) Shareholders' devoted and decreased capital												
1.Common shares invested by shareholders												
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4. Other												
(III) Profit distribution												
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)												
3. Other												
(IV) Carrying forward internal shareholders' equity												
1. Capital reserves converted to share capital												
2. Surplus reserves converted to share capital												
3. Remedying loss with surplus reserve												
4. Other												
(V) Reasonable reserve												
1. Withdrawal in the report												

period											
2. Usage in the report period											
(VI)Others											
IV. Balance at the end of the report period	301,080,184.00				532,984,264.34				49,483,448.58	257,880,887.35	1,141,428,784.27

Last year

In RMB

Items	Last period										
	Share capital	Other equity instrument			Capital reserves	Less: Treasury Stock	Other comprehensive income	Reasonable reserve	Surplus reserves	Retained profit	Total owners' equity
		Preferred stock	Perpetual capital securities	Other							
I. Balance at the end of the 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											
Other											
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 (loss is listed with "-")	50,180,030.00				-50,176,041.85				4,482,301.25	40,340,711.28	44,827,000.68
(i) Total comprehensive income										44,823,012.53	44,823,012.53
(ii) Shareholders' devoted and decreased capital											

1.Common shares invested by shareholders											
2. Capital invested by holders of other equity instruments											
3. Amount reckoned into owners equity with share-based payment											
4. Other											
(III) Profit distribution									4,482,301.25	-4,482,301.25	
1. Withdrawal of surplus reserves									4,482,301.25	-4,482,301.25	
2. Distribution for owners (or shareholders)											
3. Other											
(IV) Carrying forward internal shareholders' equity	50,180,030.00					-50,176,041.85					3,988.15
1. Capital reserves converted to share capital	50,180,030.00					-50,180,030.00					
2. Surplus reserves converted to share capital											
3. Remedying loss with surplus reserve											
4. Other						3,988.15					3,988.15
(V) Reasonable reserve											
1. Withdrawal in the report period											
2. Usage in the report											

period											
(VI)Others											
IV. Balance at the end of the report period	301,080,184.00				532,984,264.34				49,483,448.58	236,469,222.31	1,120,017,119.23

III. Company profile

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 9 April 2014, the equity allocation plan was deliberated and approved by Annual General Meeting of 2013. Based on 250,900,154 shares dated 31st December 2013, increase 2 shares by each 10 shares transferring to all shareholders. Share capital increased to 301,080,184 shares after transferring.

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

Nature of business

The Company belongs to the food and drinks industry

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; investment, operation, management and development of tea plantation; investment in industrial projects (apply separately for detail projects); domestic trading(excluding special sales, specific control and exclusive commodity); 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)

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; “Xing Jiu”; “Ju Fang Yong”; “Gutan” 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

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.

Report approval for the financial statement

The statement has been approved by the Board dated 21 August 2015 for reporting

IV. Basis of preparation of financial statements

1. Basis of preparation

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 specific accounting principle 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) issued by the ministry of finance, on that basis, combining the Information Disclosure Preparation Rules for Company Public Issuing Securities No.15-General Rules for Financial Report (amended in 2014) of the CSRC for statement preparation.

2. Going concern

There are no substantial doubtful events or conditions on sustainable operation ability of the Company in 12 months since end of the reporting period

V. Major accounting policy, accounting estimation

Specific accounting policy and estimation tips:

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.

1. 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.

2. Accounting period

Calendar year is the accounting period for the Company, that is falls to the range starting from 1 January to 31 December.

3. Operating cycle

Operating cycle of the Company was 12 months, and the operating cycle is the determining criterion for liquidity of assets and liabilities.

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. If the terms, conditions, and economic impact of each transaction involved in business combination achieved in stages fall within 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. 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. In case there is existence of contingent consideration which needs to confirm projected liabilities or assets, then the difference between the projected liabilities or assets and settlement amount for consequent contingent consideration is utilized to adjust capital reserve (capital premium or equity premium); in case of insufficient capital reserve, adjust retained earnings.

As for business combination realized through numbers of transactions, and if these transactions belong to a bundle of transactions, then each of them shall be accounted as a transaction to acquire controlling right; and if not belong to a bundle of transactions, then the difference between the initial investment cost of the long term equity investment as of the date on which the Company obtains controlling right and the carrying value of the long term equity investment prior to combination plus the carrying value of the new consideration paid for further acquisition of shares as of the combination date shall be used to adjust capital reserve; in case of insufficient capital reserve, adjust retained earnings. For equity investment held prior to the combination date, the other comprehensive income recognized due to calculation by equity method or based on recognition and measurement principles for financial instruments would not be accounted for temporarily until the Company disposes of this investment on the same basis as the investee directly disposes of relevant assets or liabilities; other changes of owners' equity in the net assets of investee as recognized under equity method, except for net profit or loss, other comprehensive income and profit distribution, shall not be accounted for until being transferred to current profit or loss when this investment is disposed of.

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; Transaction fee directly related to issuance of equity instruments as combination consideration shall be used to offset capital reserve; in case of insufficient capital reserve to offset, then to offset earning reserve and undistributed profit. Transaction fee directly related to issuance of debt instruments as combination consideration is accounted for as initial recognition amount of the instrument.

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(owner's equity in financial statement of the ultimate controller) on the combining day.

As for business combination realized through numbers of transactions, and if these transactions belong to a bundle of transactions, then each of them shall be accounted as a transaction to acquire controlling right; and if not belong to a bundle of transactions, and the relevant gains and losses, other comprehensive income and other change of

owners' equity recognized in respect for the long term equity investment held by the acquirer prior to combination during the period from the date of acquisition and the date on which acquirer and acquire are under common control (whichever is later) to combination date shall be used to offset beginning retained earnings or current profit or loss of the comparative statements.

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.

3.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, part of the package deal, than carrying accounting treatment on transactions with controlling rights obtained through vary transactions; while related accounting treatment shall be conducted based on individual financial statement and combined financial statement:

(1) In separate financial statement, for equity investment held prior to combination date which is calculated under equity method, the sum between carrying value of the equity investment prior to acquisition date and cost of additional investment made on the acquisition date is deemed to be the initial investment cost of this investment. Other comprehensive income recognized for equity investment held prior to combination date under equity method shall be accounted for when the Company disposes of this investment on the same basis as the investee directly disposes of relevant assets or liabilities.

In case that equity investment held prior to combination date is calculated based on recognition and measurement principles for financial instruments, then the fair value of this equity investment as of combination date plus new investment cost shall be deemed as initial investment cost. The difference between fair value and carrying value of the originally held equity interests and the accumulated fair value movements as originally recorded in other comprehensive income shall be all transferred to investment income of the period in which the combination date falls.

(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. 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.

7. Classification of joint venture arrangement and accounting for joint operations

1. Classification of joint venture arrangement

The Company classifies joint venture arrangement into joint operations and joint ventures based on the structure, legal form, agreed terms of the arrangement and other related facts and conditions.

Joint venture arrangement not concluded through separate entity is classified as joint operation; and those concluded through separate entity are generally classified as joint ventures. However, joint venture arrangement which meets any of the following conditions as proven by obvious evidence and satisfies relevant laws and rules is grouped as joint operation:

- (1) the legal form of the arrangement shows that parties to the arrangement are entitled to and assume rights and obligations in respect of the relevant assets and liabilities.
- (2) it is agreed by the terms of the arrangement that parties to the arrangement are entitled to and assume rights and obligations in respect of the relevant assets and liabilities.

(3) other related facts and conditions shows that parties to the arrangement are entitled to and assume rights and obligations in respect of the relevant assets and liabilities. For instance, joint parties are entitled to almost all the output related to joint venture arrangement and settlement of the liabilities under the arrangement continues to rely on supports from the joint parties.

2. Accounting for joint operations

The Company recognizes its proportion of interests in joint operation as related to the Company, and accounts for under relevant business accounting principles:

- (1) to recognize separately-held assets and jointly-held assets under its proportion;
- (2) to recognize separately-assumed liabilities and jointly-assumed liabilities under its proportion;
- (3) to recognize revenue from disposal of the output which the Company is entitled to under the proportion;
- (4) to recognize revenue from disposal of the output under the proportion;
- (5) to recognize separately occurred expenses, and to recognize expenses occurred for joint operations under its proportion.

For injection to or disposal of assets of joint operations (other than those assets constituting business operation), gain or loss arising from the transaction is only recognized to the extent it is attributable to other parties to the joint operation before the joint operation is sold to any third party. In case those assets injected or disposed satisfy the condition for asset impairment loss under Business Accounting Principle No.8-Assets Impairment, the Company recognizes this loss in full.

For acquisition of assets from joint operations (other than those assets constituting business operation), gain or loss arising from the transaction is only recognized to the extent it is attributable to other parties to the joint operation before the relevant assets are sold to any third party. In case that the acquired assets satisfy the condition for asset impairment loss under Business Accounting Principle No.8-Assets Impairment, the Company recognizes relevant loss according to the proportion it assumes.

The Company exercises no common control over joint operations. If the Company is entitled to relevant assets of the joint operation and assure relevant liabilities, it shall be accounted for under the above principle, otherwise it would be accounted for under the relevant business accounting principles.

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.

On balance sheet date, 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.

As for the foreign currency non-monetary items measured in fair value, conversion is conducted with the spot rate as at the date for determination of fair value, and the arising exchange difference shall be recorded in current gains and losses or capital reserve.

2. Translation of foreign currency financial statement

Assets and liabilities in balance sheet are translated at the spot exchange rate at the balance sheet date. Equity items, excluding “undistributed profit”, are translated at the spot exchange rates at the transaction dates. Income and expenses of foreign operation are translated at the spot exchange rates at the transaction dates. The resulting translation differences are recognized in other comprehensive income.

When disposing overseas operations, the foreign currency financial statement translation differences listed under items of other comprehensive income in balance sheet and which are directly related to the overseas operations are transferred to profit or loss in the period when the overseas operation is disposed. In case of partial disposal, foreign currency financial statement translation differences shall be calculated in respect of the disposed part under disposal proportion and transferred to profit or loss in the period when the overseas operation is disposed.

10. Financial instruments

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

1. Categories of financial instruments

According to the contract terms of the financial instrument issued and economic substance reflects by such instrument, not only in form of law, combine with purposes held for financial assets and liabilities, the management categorizes financial assets and liability into different types: financial assets (or financial liabilities) at fair value through current gains and losses; accounts receivable; financial assets available for sale; other financial liabilities, etc.

2. Recognition and measurement for financial instrument

(1) financial assets or liabilities at fair value through profit or loss

Financial assets or liabilities at fair value through profit or loss include transactional financial assets or financial liabilities and financial assets or liabilities directly designated at fair value through profit or loss.

Transactional financial assets or financial liabilities refer to those meeting any of the following conditions:

- 1) purpose for holding the assets or liabilities are to disposal, repurchase or redemption in a short time;
- 2) constitute part of the identifiable financial instrument group for central management, and there is objective evidence proving that the Company manages this group in a short-time-return way recently;
- 3) belong to derivative financial instrument, other than those derivatives designated as effective hedge instruments, belonging to financial guarantee contracts and those linked to equity instrument investment which is not quoted in an active market and whose fair cannot be measured reliably and the settlement of which is conditional upon delivery of the equity instrument.

Subject to satisfaction of any of the following conditions, financial assets or liabilities can be designated as financial assets or liabilities at fair value through profit or loss upon initial measurement:

- 1) The designation can eliminate or substantially eliminate the inconsistencies between profit and loss from the financial assets arising from different measurement basis;
- 2) The portfolio of financial assets and liabilities in which the financial asset belongs to are designated as measured at fair value in the risk management report or investment strategic report handed in to key management personnel;
- 3) Hybrid instruments which contains one or more embedded derivatives, unless the containing of embedded derivatives does not have substantial effect on the cash flows of the hybrid instruments, or the embedded derivatives obviously should not be separated from relevant hybrid instruments;
- 4) Hybrid instruments which contains embedded derivatives that should split, but cannot be measured separately when acquired or on the subsequent balance sheet date.

The Company initially measures financial assets or liabilities at fair value through profit or loss at their fair values when acquiring the assets or liabilities (after deducting cash dividend already declared but not paid or bond interests which is due for interest payment but not received), and the relevant transaction fee is included in current profit or loss. Interest or cash dividend acquired during the holding period shall be recognized as investment income, and movement of fair value at the end of period is included in current profit or loss. Upon disposal, the difference between its fair value and initial accounting amount shall be recognized as investment income, with corresponding adjustment to gains and losses from movement of fair value.

(2) Held-to-maturity investment

The non-derivative financial assets with maturity date, fix return amount or amount able to determined, and the Company held with specific intention and ability.

The Company takes the sum of fair value (after deducting bond interests which is due for interest payment but not received) and related transaction fee as initial recognition amount in respect of held-to-maturity investment upon acquisition of the investment. During the holding period, the Company recognizes interest income at amortized cost and effective interest rate which is included in investment income. The effective interest rate is determined upon acquisition of the investment and remains unchanged for the expected continuous period or appropriate shorter period. Difference between sale price and carrying value of the investment is included in investment income.

If held-to-maturity investment is disposed or reclassified as other types of financial asset, and the relevant amount is relatively bigger than the total amount of our all held-to-maturity investments prior to disposal or reclassification, the remaining held-to-maturity investments shall be reclassified as available-for-sale financial assets immediately following such disposal or reclassification. On the reclassification date, difference between the carrying value and fair value of the investment is included in other comprehensive income and is transferred out into current profit or loss when the available-for-sale financial assets experience impairment or derecognition. However, the followings are exceptions:

- 1) the date of disposal or reclassification is approaching to the date of expiration or redemption of the investment (such as three months prior to expiration), and change of market rate has no material influences over the fair value of the investment.
- 2) company has already recovered nearly all initial principal under the repayment means as agreed in contract.
- 3) disposal or reclassification is arising from separate matters which are out of our control, which are expected not to occur repeatedly and which are difficult to predict reasonably.

(3) Account receivables

The contract price charged to the buyers shall be recognized as initial value for those account receivables which mainly comprise the receivable creditor's right caused by the sale of goods and providing of labor service to external customers by the Company, and receivables in other companies excluding debt instruments priced in active markets, includes but not limited to trade receivables, notes receivables, account paid in advance and other receivables. If characterized as of financing nature, the initial recognition shall be priced at the present value.

Upon disposal, the difference between the sale value and the book value of the receivables shall be accounted into current profit or loss on its recovery or disposal.

(4) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale upon initial recognition and financial assets other than other categories of financial assets.

The Company initially measures available-for-sale financial assets at the sum between their fair values when acquiring the assets or liabilities (after deducting cash dividend already declared but not paid or bond interests which is due for interest payment but not received) and the relevant transaction fee. Interest or cash dividend acquired during the holding period shall be recognized as investment income. Gains or losses arising from movement of fair value is directly included in other comprehensive income except for impairment loss and exchange difference arising from foreign currency monetary financial assets. When disposing available-for-sale financial assets, the Company includes the difference between the acquired price and carrying value of the financial assets into investment profit or loss. Meanwhile, accumulated fair value movement attributable to the disposed part which is originally directly included in other comprehensive income is transferred out and included investment profit or loss.

For equity instrument investment which is not quoted in an active market and whose fair value cannot be reliably measured, and derivative financial assets which are linked to the equity instrument and whose settlement is conditional upon delivery of the equity instrument, they are stated at cost by the Company.

(5) Other financial liabilities

Initial recognition amount is determined at the sum of fair value and relevant transaction fee. 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;

Details for impairment of financial assets are set out below:

(1) Impairment provision for available-for-sale financial assets

The Group has separately tested various available-for-sale equity instruments at the balance sheet date. It will be defined as impairment if the fair value is lower than the initial investment cost by more than 50% (including 50%) or the low state has lasted for no less than 1 year. While the lower proportion is between 20% and 50%, the Group will take other factors such as price fluctuation into consideration to estimate whether the equity instrument has impaired or not.

When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value that had been recognized in other comprehensive income is reclassified to the profit or loss even though the financial asset has not been derecognized. The amount of the cumulative loss that is removed from equity is the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

If there are objective evidences showing that the value of available-for-sale debt instrument is recovered and it

relates to the matters happened after the impairment loss recognition, the impairment loss recognized shall be reversed and accounted in current profit or loss. Impairment losses recognized for equity instrument investments classified as available-for-sale are reversed through equity. However, impairment loss occurred by equity instrument investment which is not quoted in an active market and whose fair value cannot be measured reliably and derivative financial assets which are linked to the equity instrument and whose settlement is conditional upon delivery of the equity instrument, shall not be reversed.

(2) Impairment provision for held-to-maturity investment

For held-to-maturity investment, if there is object evidence showing the investment is impaired, then impairment loss is determined based on the difference between its fair value and present value of predicted future cash flow. After provision, if there is evidence showing its value has been restored, the originally recognized impairment loss can be reversed and included in current profit or loss, provided that the reversed carrying value shall not exceed the amortized cost of the financial asset as at reversal date assuming no impairment provision had been made.

7. Offset of financial assets and financial liabilities

Financial assets and financial liabilities are stated in balance sheet separately without inner-offset. However, the net amount after inner offset is stated in balance sheet date when the following conditions are all met:

- (1) the Company has legal right to offset recognized amount and the right is enforceable;
- (2) the Company plans to settle on a net basis, or simultaneously realize the financial assets and settle the financial liabilities.

11. Account receivable

1. Account receivable with single significant amount and withdrawal single item bad debt provision

Criterion and amount standards	Account with single significant amount: Amount occupied 10 percent (including 10 percent) of the balance of account receivable.
Withdrawal method for bad debt provision of account receivable with single significant amount	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 without impairment being found after test, collected into relevant combination for accrual.

2. Accounts receivable whose bad debts provision was accrued by combination

Combination	Accrual of bad debt provision
Aging of accounts group	Aging of account

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

Applicable Not applicable

Age	Accrual ratio of account receivable	Accrual ratio of 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:

Applicable Not applicable

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

Applicable Not applicable

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. Valuation method

Inventory carried initial measured by cost, including purchasing cost, processing cost and other costs. The inventory in transit was valued by weighted average method.

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 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 is the perpetual inventory system.

5. Amortization of low-value consumables and packaging materials

- (1) Adopt five-five amortization for low-value consumables;
- (2) Adopt one-off writing off process for packaging materials

6. Accounting method of land for development

The expenditure of projects purely for land development standing alone constitutes land development cost;

The expenditure of projects involving overall real estate development that is borne by other parties is generally amortized into the cost of commercial properties according to the actual area.

7. Accounting method of ancillary facilities fee

Ancillary facilities that are not allowed to be transferred with compensation are amortized into the cost of commercial properties according to the proportion of benefit;

Cost incurred for ancillary facilities that are allowed to be transferred with compensation is attributable to each ancillary facilities project as a cost accounting unit.

8. Accounting method of maintenance fund

According to the relevant regulations of the place where the development projects are located, maintenance fund shall, at the time of sale or presale of the development, be charged from the purchasers or credited by the Company into the development cost accordingly, and turned over to the managing department of maintenance fund.

9. Accounting method of retention

Retention is withheld from the progress payment of construction unit according to the construction contract. Maintenance fee incurred during the warranty period of the development is credited against retention. At the

maturity of warranty as stipulated for the development, balance of the retention will be returned to the construction unit.

13. Classify as assets held for sale

14. 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 V

(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. Initial investment cost including the expenses, taxes and other necessary costs that directly concerned with the long-term equity investment that acquired.

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 transaction expenses from issuing or own equity instrument acquired, it can be deducted from the equity when such expenses attributable directly to equity transaction.

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) Cost method

The long-term equity investment control by invested entity shall counted by cost method, and pricing on initial investment cost, cost of the long-term equity investment shall be adjusted while additional investment or dis-investment.

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.

(2)Equity method

The Company calculates long term equity investment in associates and joint ventures under equity method. For certain equity investments in associates indirectly held through risk investment institutions, joint funds, trust companies or similar entities including investment linked insurance fund, the Company measures the investment at fair value through profit or loss.

where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognized in profit or loss for the period.

Return on investments and other comprehensive income is recognized respectively by shares of net gains and losses realized by the invested company and other comprehensive income after acquisition of long-term equity, and book value of such investment is adjusted accordingly. Profit or cash dividends pro rata distributed by the invested company are to minus book value of the relative long-term investment. Book value of long-term investment is adjusted when changes occur other than net gains and losses, other comprehensive income and profit distribution of the invested company, and is to reported in owners' equity accordingly

The Company 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 un-realized transaction gains/losses attributable to investment enterprise, internally occurred between the Company, 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. Transfer of calculation for long term equity investment

(1)measure at fair value transfer to equity method

For the equity investment originally held by the Company in which it has no control, common control or significant influence over the investee and which is accounted for under recognition and measurement principle as financial assets, in case that the Company becomes able to exercise significant influence or common control upon the investee due to additional investment while no control is reached, the sum of fair value of the originally held equity investment as determined under Business Accounting Principles No.22- Recognition and Measurement Principle as Financial Assets plus cost of the new investment shall be deemed as the initial investment cost upon calculation under equity method.

If the originally held equity investment is classified as available for sale financial assets, the difference between its fair value and carrying value and the accumulated fair value movement which is originally included in other comprehensive income shall be transferred to current period gains and losses under equity method.

In case that the initial investment cost under equity method is lesser than share of fair value of the investee's net identifiable assets as of the date when additional investment is made as calculated based on the latest shareholding proportion upon additional investment, carrying value of the long term equity investment shall be adjusted against such difference which is included in current period non-operating income.

(2) measure at fair value or calculation under equity method transfer to calculation under cost method

For the equity investment originally held by the Company in which it has no control, common control or significant influence over the investee and which is accounted for under recognition and measurement principle as financial instrument, or for long term equity investment originally held in associates or joint ventures, in case that the Company becomes able to exercise control over investee not under common control due to additional investment, the sum of fair value of the originally held equity investment plus cost of the new investment shall be deemed as the initial investment cost upon calculation under cost method when preparing separate financial statement.

For other comprehensive income as recognized under equity method in respect of equity investment held prior to acquisition date, when the Company disposes this investment, the aforesaid income shall be accounted for on the same basis as the investee would otherwise adopt when it directly disposes relevant assets or liabilities.

For equity investment held prior to acquisition date which is accounted for under Business Accounting Principles No.22- Recognition and Measurement of Financial Assets, the accumulated fair value movement which originally included in other comprehensive income shall be transferred to current period gains and losses upon calculation under cost method.

(3) calculation under equity method transfer to fair value measurement

In case that the Company lost common control or significant influence upon investee due to disposal of part equity investment, the remaining equity investment shall be calculated under Business Accounting Principles No.22-

Recognition and Measurement of Financial Assets, and the difference between its fair value and carrying value as of the date when the Company lost common control or significant influence shall be included in current period gains and losses.

For other comprehensive income as recognized under equity method in respect of the original equity investment, when the Company ceases calculation under equity method, the aforesaid income shall be accounted for on the same basis as the investee would otherwise adopt when it directly disposes relevant assets or liabilities.

(4)cost method transfer to equity method

In case that the Company lost control upon investee due to disposal of part equity investment, and if the remaining equity investment can exercise common control or significant influence over the investee, equity method shall be adopted when preparing separate financial statement, and the remaining equity investment shall be adjusted as if it had been stated under equity method since the acquisition.

(5)cost method transfer to fair value measure

In case that the Company lost control upon investee due to disposal of part equity investment, and if the remaining equity investment cannot exercise common control or significant influence over the investee, Business Accounting Principles No.22- Recognition and Measurement of Financial Assets shall be adopted for accounting treatment when preparing separate financial statement, and the fair value and carrying value as of the date when control is lost shall be included in current period gains and losses.

4. Disposal of long term equity investment

Difference between carrying value and actual acquisition price in respect of disposal of long term equity investment shall be included in current period gains and losses. For long term equity investment under equity method, the Company shall adopt the same basis as the investee directly disposes relevant assets or liabilities when disposing this investment, and account for the part originally included in other comprehensive income under appropriate proportion.

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 complete commercial results;
- (3) the occurrence of one transaction is subject to that of at least one other transaction;
- (4) a transaction alone is not economic, but otherwise when considered with other transactions.

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 separate financial statement, as for disposal of equity interest, difference between carrying value and actual

acquisition price shall be included in current period gains and losses. In case that the remaining equity interests can exercise common control or significant influence over investee, it shall be stated under equity method in stead, and shall be adjusted as if the remaining equity interests had been stated under equity method since the acquisition. In case that the remaining equity interests cannot exercise common control or significant influence over investee, it shall be accounted for under Business Accounting Principles No.22- Recognition and Measurement Principle of Financial Instruments, and the difference between its fair value and carrying value as of the date then the Company lost control shall be included in current period gains and losses.

(2)in consolidated financial statement, for those transactions occurred before lost of control in subsidiaries, the difference between disposal price and share of net assets of subsidiaries since purchase date or combination date shall be used to adjust capital reserve (equity premium), and if capital reserve is insufficient to offset, then it shall adjust retained earnings; when the Company lost control in a subsidiary, the remaining equity interests would be re-measured at the fair value as of the control-lost date. 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, and off-set the goodwill at the same time. 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.

Each transaction involved in the disposal of equity investments of subsidiaries until loss of control falls into a package deal, carrying accounting treatment on transaction of losing control rights and disposing the company, and should be accounted for accordingly in differentiation with individual financial statements and consolidated financial statements:

(1) In consolidated financial statements, difference between each payment from disposal of an equity and the book value of such long-term equity 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.

(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.

5. Criteria for common control and significant influence

Where the Company jointly controls an arrangement with other participators under agreed terms, and decisions which materially affect return of such arrangement can only exist when other participators unanimously agree on the decisions, the Company is deemed to jointly control this arrangement with other participators, and the arrangement belongs to joint venture arrangement.

In case of a joint venture arrangement concluded through separate entity, when the Company is judged to be entitled to the net assets of the separate entity under relevant agreements, the entity shall be viewed as a joint venture under equity method. However, when the Company is judged to be not entitled to the net assets of the separate entity under relevant agreements, the entity shall be viewed as a joint operation, in which case, the

Company recognizes items relating to its share of interests from the joint operation and accounts for according to relevant business accounting rules.

Significant influence refers to that investor has right to participate in making decisions relating to the financial and operational policies of the investee, while not able to control or jointly control (with others) establishment of these policies. The following one or more conditions are based to judge whether the Company has significant influence over investee with consideration of all facts and situations: (1)has delegate in the board of directors or similar authority organs of investee; (2)participate in establishing financial and operational policies of the investee; (3)occur material transactions with the investee; (4)delegate management to the investee; (5)provide key technical data to the investee.

15. Investment real estate

Measurement model of investment real estate

Measured by cost

Depreciation or amortization method

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.

16. 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. Deprecition method

Types	Deprecition method	Deprecition term	Residuals rate	Yearly depreciation
House and buildings: ——Production building	Straight-line depreciation	35 years	5%	2.71%
——non-production occupancy	Straight-line depreciation	40 years	5%	2.38%
——Cabana	Straight-line depreciation	9 years	5%	10.56%

Machinery equipment	Straight-line depreciation	12 years	5%	7.92%
Transportation instrument	Straight-line depreciation	9 years	5%	10.56%
Other equipment	Straight-line depreciation	6 years	5%	15.83%

3. Recognition, measurement and depreciation 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.

17. 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.

18. Borrowing expenses

1. Recognition of the borrowing expenses capitalization

Borrowing expenses that attributed for purchasing or construction of assets that are complying with capitalizing conditions start to be capitalized and counted as relevant assets cost; other borrowing expenses, reckoned into current gains and losses after expenses recognized while occurred.

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

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

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

2. Period of capitalization

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

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

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

19. 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.

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.

20. Oil and gas assets

21. Intangible assets

1. valuation method, service life and impairment test

An intangible asset is an identifiable non-monetary asset without physical substance owned or controlled by the Company, including land use right, technical know-how, forest tree use right, trademark use right and software use right.

(1). Initial measurement of intangible assets

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. And classified into intangible assets with limited useful life and assets without certain service life

(1) intangible assets with limited useful life

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

Items	Predicted useful life	Basis
Land use right	Amortized the actual rest of life after certificate of land use right obtained	Certificate of land use right
Proprietary technology	20-year	Actual situation of the Company
forest tree use right	Service life arranged	Protocol agreement
trademark use right	10-year	Actual situation of the Company
software use right	5-8-year	Protocol agreement

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; if there is a differences been found with the original estimated number, corresponding adjustment shall prevail.

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

(2) intangible assets without certained service life

Intangible assets for which it is impossible to predict the term during which the assets can bring in economic benefits are viewed as intangible assets with indefinite life.

Intangible assets with indefinite life are not amortized during the holding period, and useful life is re-reviewed at

the end of each accounting period. In case that it is still determined as indefinite after such re-review, then impairment test will be conducted continuously in every accounting period.

The Company has no such intangible assets without certain service life after review.

2. Accounting policy for the internal R&D expenditure

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.

Standards for capitalization satisfaction of expenditure in exploitation state

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

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

Expenditure happened in development phase not satisfying the above conditions is included in current period gains and losses when occurs. Development expenditure previously included in gains and losses in previous periods will not be re-recognized as assets in later periods. Capitalized development expenditure is stated in balance sheet as development expenditure, and is transferred to intangible assets when the project is ready for planned use.

22. Impairment of long term assets

Long term asset is judged whether for which there is indication of impairment on balance sheet date. If there is indication of impairment, the Company would estimate its recoverable amount based on single asset; if it is difficult to estimate the recoverable amount of single asset, then the assets group which the single asset belongs to is based to determine the recoverable amount of the assets group.

Recoverable amount of an asset is determined at the higher of its fair value less disposal fee and present value of its predicted future cash flow.

If measurement of recoverable amount shows that the recoverable amount of long term asset is lower than carrying value, then the carrying value shall be deducted to recoverable amount, with the deducted amount recognized as impairment loss which is included in current period gains and losses, meanwhile, asset impairment provision shall be made accordingly. Once recognized, asset impairment loss would not be reversed in future accounting period.

Once an asset is recognized for impairment loss, its depreciation or amortization expense would be adjusted in future periods, so as to systematically allocate the adjusted asset carrying value (after deduction of predicted net residual value) during the remaining useful life.

Goodwill arising from business combination and intangible assets with indefinite useful life shall be tested annually for impairment whether or not there is indication of impairment.

Goodwill is tested for impairment with the related assets group. When conducting impairment test for relevant asset group with inclusion of goodwill, in case that there is indication of impairment for such asset group, impairment test would be firstly conducted in respect of the asset groups without inclusion of goodwill. Then, it shall calculate the recoverable amount and determine the corresponding impairment loss as compared to its carrying value. Second, asset group with inclusion of goodwill would be tested for impairment. If it is found after comparison between the carrying value and recoverable amount of the asset group that the recoverable amount is less than carrying value, the Company would recognize impairment loss for goodwill.

23. Long term prepaid expense

Long term prepaid expense represents the expense which the Company has occurred and shall be amortized in the current and later periods with amortization period exceeding one year. Long term prepaid expense is amortized during the beneficial period under straight line method.

24. Staff remuneration

1. Accounting treatment of short term remuneration

Short term remuneration refers to all the staff remuneration payable by the Company to its staff within 12 months after the end of annual reporting period in which staff provides relevant services, other than post office benefit and dismissal benefits. The Company recognizes short term remuneration payables as liabilities during the accounting period during which staff provides services, and includes in cost and expense of relevant asset according to the beneficial parties of such services.

2. Accounting treatment of post office benefits

Post office benefits refer to kinds of remuneration or benefits granted by the Company to staff for their provision of service upon retirement or release of employment, other than short term remuneration and dismissal benefits. Post benefit plan is categorized as defined withdraw plan and defined benefit plan.

Defined withdraw plan under post office benefit mainly represents participation into social basic pension insurance and unemployment insurance operated by labor and social security authorities. During the accounting period when employee provides services for the Company, the contribution calculated under defined withdraw plan would be recognized as liabilities and included in current gains and losses or relevant asset cost.

Other than periodic payment of the aforesaid amounts in compliance with national standards, the Company is not obliged to make other payment.

3. Accounting treatment of dismissal benefit

Dismissal benefit represents compensation paid to employees for release of employment before expiration or as compensation for their willing of cut, which is included in current gains and losses during the period when it occurs.

4. Accounting treatment of other long term staff benefits

Other long term staff benefits refers to all the other staff benefits except for short term remuneration, post office benefit and dismissal benefit.

For other long term staff benefits satisfying conditions under defined withdraw plan, the contribution payables shall be recognized as liabilities and included in current gains and losses or relevant asset cost during the accounting period in which the staff provides services to the Company.

25. 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:

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

2. Measurement

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

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

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

Treatment for best estimation:

If the expenditure has a continuous range, and with similar possibility within the range, the best estimation should 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

26. Share-based payment

27. Other financial instrument of preferred stock and perpetual capital securities

28. Revenue

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 assts 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.

29. Government grants/subsidy

1. Basis for determination and accounting treatment for government grants with assets concerned

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;

2. Basis for determination and accounting treatment for government grants with revenue concerned

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.

30. Deferred income tax assets and deferred income tax liabilities

Deferred income tax assets and liabilities are measured at the difference between their tax bases and their carrying values (temporary difference). On the balance sheet date, deferred income tax assets and liabilities are measured at the tax rate which is appropriate in the period when the assets are recovered or liabilities are settled.

1. Reference for recognition of deferred income tax assets

Deferred income tax asset arising from deductible temporary difference is recognized to the extent of assessable income which is likely to acquire to offset deductible temporary difference and for which deductible losses and tax credit for subsequent years can be carried forward. However, deferred income tax assets arising from initial measurement of assets or liabilities in transactions with the following characteristics would not be recognized: (1)the transaction is not business combination; (2)occurrence of the transaction would neither affect accounting profit nor affect assessable income or deductible loss.

For deductible temporary difference relating to investment in associates, the Company would recognize deferred income tax assets accordingly if the following conditions are met: temporary difference is likely to be reversed in foreseeable future and it is likely to acquire assessable income against which deductible temporary difference is

utilized.

2. Basis for determination of deferred income tax liabilities

Assessable temporary difference which should be paid while not paid yet for the current and previous periods is recognized as deferred income tax liabilities, excluding:

- (1) temporary difference arising from initial measurement of goodwill;
- (2) transaction or issue arising from non business combination, and its occurrence would neither affect accounting profit, nor affect temporary difference arising from assessable income (or deductible loss);
- (3) for assessable temporary difference relating to investments in subsidiary or associate, timing for reversal of the temporary difference can be controlled and it is likely that the difference would not be reversed in foreseeable future.

3. Deferred tax assets and liabilities are offset if all the following conditions are met.

- (1) an enterprise has the legal rights to settle the income tax assets and income tax liabilities for the current period by net amount;
- (2) they relate to income taxes levied by the same tax authority on either the taxable entity has a legally enforceable right or set off current income tax assets against current income tax liabilities, and different taxable entities which either intend to settle the current income tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

31. Leasing

1. Accounting treatment of operating lease

2. Accounting treatment of finance lease

32. Other important accounting policy and estimation

Main accounting estimation has no changed in the Period

Main accounting policy has no changed in the Period

33. Changes of main accounting policy and estimation

1. Changes of accounting policy

Applicable Not applicable

2. Changes of accounting estimation

Applicable Not applicable

34. Other

VI. Taxes

1. Main taxes and tax rate

Taxes	Basis	Rate
VAT	Sales of goods	17%
Business tax	Taxable turnover	5%
Urban maintenance and construction tax	Payable turnover taxes	5%、7%
Enterprise income tax	Payable turnover taxes	5%

Disclose reasons for different taxpaying body

Taxpaying body	Income tax rate
The Company	25%
Shenbao Huacheng	15%
Including: Shantou Branch of Shenbao Huachen	25%
Shenbao Shengyuan	25%
Wuyuan Ju Fang Yong	15%
Shenbao Sanjing	25%
Huizhou Shenbao Technology	25%
Shenbao Property	25%
Shenzhen Technology Center	25%
Shenzhen Inudstry& Trading	25%
Hangzhou Ju Fang Yong	25%
Shenbao Yuxing	25%
Fuhaitang Ecology	25%
Chunshi Network	25%
Shenshenbao Investment	25%
Shenshenbao Tea Culture	25%

2. Tax preferential

Shenbao Huacheng, a wholly-owned subsidiary of the Company, has been granted High-tech Enterprise Certification (No. GF201444201602) jointly promulgated by Shenzhen Commission on Innovation & Technology, Shenzhen Finance Committee, Shenzhen Municipal Bureau of State Taxation and Shenzhen Municipal Bureau of Local Taxation as at the date of 30 September 2014 with a valid term of 3 years. With relevant preferential policies adopted by the State in favor of high-tech enterprises, all qualified high-tech enterprises are able to enjoy the lower income tax rate of 15% for collection of enterprise income tax, capable for 3 years commencing from the year when they are deemed as qualified. Shenbao Huacheng has favored from this preferential policy from 2014 to 2016.

Wuyuan Ju Fang Yong, a wholly-owned subsidiary of the Company, has been granted High-tech Enterprise Certification (No. GF201436000182) jointly promulgated by Jiangxi Provincial Department of Science & Technology, Shenzhen Finance Committee, Finance Bureau of Jiangxi Province, Jiangxi Municipal Bureau of State Taxation and Local Taxation as at the date of 8 October 2014 with a valid term of 3 years. With relevant preferential policies adopted by the State in favor of high-tech enterprises, all qualified high-tech enterprises are able to enjoy the lower income tax rate of 15% for collection of enterprise income tax, capable for 3 years commencing from the year when they are deemed as qualified. Wuyuan Ju Fang Yong has favored from this preferential policy from 2014 to 2016.

3. Other

VII. Annotation to main items of consolidated financial statements

1. Monetary fund

In RMB

Items	Ending balance	Opening balance
Cash on hand	150,028.28	100,531.08
Cash in bank	180,324,516.65	266,747,247.36
Other monetary fund	500,000.00	500,000.00
Total	180,974,544.93	267,347,778.44

Other explanation:

Other monetary fund refers to the guarantee deposit with limited in use.

2. Financial assets measured by fair value and with its changes reckoned into current gains/losses

In RMB

Items	Ending balance	Opening balance
Trading financial assets	4,953,811.20	1,777,695.79
Other	4,953,811.20	1,777,695.79
Total	4,953,811.20	1,777,695.79

Other explanation:

Ending balance refers to the stock of 258,011 shares of “Zhonghua-A” held

3. Notes receivables

Classification of notes receivables

In RMB

Items	Ending balance	Opening balance
Bank acceptance bill	97,806.91	
Total	97,806.91	

4. Account receivable

1. Account receivable classified according to types

In RMB

Type	Ending balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual Ratio		Amount	Ratio	金额	Accrual Ratio	
Account receivable withdrawal bad debt provision by group	59,076,135.61	75.29%	807,627.76	1.37%	58,268,507.85	103,957,669.05	84.28%	809,686.62	0.78%	103,147,982.43
Accounts receivables with single minor amount but with bad debts provision accrued individually	19,391,001.77	24.71%	19,391,001.77	100.00%		19,391,001.77	15.72%	19,391,001.77	100.00%	
Total	78,467,137.38	100.00%	20,198,629.53	25.74%	58,268,507.85	123,348,670.82	100.00%	20,200,688.39	16.38%	103,147,982.43

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

Applicable Not applicable

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

Applicable Not applicable

In RMB

Age	Ending balance		
	Account receivable	Bad debts provision	Accrual Ratio
Within one year			
Within one year	51,701,798.80		
Subtotal of within one year	51,701,798.80		
1-2 years	2,646,211.00	132,310.55	5.00%
2-3 years	678,033.35	67,803.34	10.00%
Over 3 years	4,050,092.46	607,513.87	15.00%
3-4 years	792,574.03	118,886.10	15.00%
4-5 years	176,272.85	26,440.93	15.00%
Over 5 years	3,081,245.58	462,186.84	15.00%
Total	59,076,135.61	807,627.76	

Explanation on combination determination:

Account receivable accrual bad debt provision by combination

(1) Recognition standards on credit risk characteristics portfolio

As for the account receivable with single minor amount, and the ones without impairment being found after testing independently, classified into many groups according to the credit risk characteristics, based on the actual loss ratio of the account receivable groups with similar credit risk characteristics for previous years, accrual bad debt provision by actual conditions

Recognition standards:

Aging of accounts group	Take a best estimate on the accrual ratio for account receivables based on history of past experience, classified credit risk characteristics by referring to the age of receivables
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(2) Accrual method based on group of credit risk characteristics

Group with bad debt provision accrual by aging:

Age	Accrual ratio
Within one year (one year included)	0%
1—2 years	5%
2—3 years	10%
Over 3 years	15%

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

Applicable Not applicable

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

Applicable Not applicable

2. Bad debt provision accrual collected or switch back

Bad debt provision accrual was 0.00 Yuan; the amount collected or switches back amounting to 2,058.86Yuan

3. Top 5 receivables at ending balance by arrears party

Company	Ending balance	Ratio in ending balance of the account receivable (%)	Bad debt provision accrual
Client I	6,755,070.00	8.61	---
Client II	4,911,360.00	6.26	---
Client III	4,815,910.48	6.14	---
Client IV	3,237,590.00	4.13	---
Client V	2,349,301.00	2.99	---
Total	22,069,231.48	28.13	---

5. Advance payment

1. Advance payment by age

In RMB

Age	Ending balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within one year	23,767,008.18	92.00%	5,714,190.03	73.44%
1-2 years	1,816,392.30	7.03%	1,816,392.30	23.35%
2-3 years	37,919.50	0.15%	37,919.50	0.49%
Over 3 years	211,375.44	0.82%	211,375.44	2.72%
Total	25,832,695.42	--	7,779,877.27	--

Explanation on the advance payment un-settled with over one year account age and with significant amount:

Company	Ending balance	Account age	Reasons
Supplier IV	650,000.00	1-2 years	Transaction still not completed yet
Total	650,000.00		

2. Top 5 advance payment at ending balance by prepayment object

Company	Ending amount	Ratio in total advance payment (%)
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Supplier I	8,662,321.23	33.53
Supplier II	1,466,762.37	5.68
Supplier III	714,017.70	2.76
Supplier IV	650,000.00	2.52
Supplier V	624,140.88	2.42
Total	12,117,242.18	46.91

6. Other accounts receivable

1. Other accounts receivable by category

In RMB

Category	Ending balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual Ratio		Amount	Ratio	Amount	Accrual Ratio	
Other account receivable with bad debt provision accrual by portfolio	32,112,294.05	64.63%	2,711,479.98	8.44%	29,400,814.07	27,427,389.39	60.94%	2,738,266.56	9.98%	24,689,122.83
Other account receivable with single minor amount but withdrawal bad debt provision for single item	17,577,795.82	35.37%	17,577,795.82	100.00%		17,577,795.82	39.06%	17,577,795.82	100.00%	
Total	49,690,089.87	100.00%	20,289,275.80	40.83%	29,400,814.07	45,005,185.21	100.00%	20,316,062.38	45.14%	24,689,122.83

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

Applicable Not applicable

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

√ Applicable □ Not applicable

In RMB

Age	Ending balance		
	Other account receivable	Bad debts provision	Accrual Ratio
Within one year			
Within one year	12,490,798.32		
Subtotal of within one year	12,490,798.32		
1-2 years	1,840,898.20	92,044.91	5.00%
2-3 years	953,091.20	95,309.12	10.00%
Over 3 years	16,827,506.33	2,524,125.95	15.00%
3-4 years	1,049,241.82	157,386.27	15.00%
4-5 years	4,410,151.72	661,522.76	15.00%
Over 5 years	11,368,112.79	1,705,216.92	15.00%
Total	32,112,294.05	2,711,479.98	

Explanation on combination determination:

Account receivable accrual bad debt provision by combination

(1) Recognition standards on credit risk characteristics portfolio

As for the account receivable with single minor amount, and the ones without impairment being found after testing independently, classified into many groups according to the credit risk characteristics, based on the actual loss ratio of the account receivable groups with similar credit risk characteristics for previous years, accrual bad debt provision by actual conditions

Recognition standards:

Aging of accounts group	Take a best estimate on the accrual ratio for account receivables based on history of past experience, classified credit risk characteristics by referring to the age of receivables
-------------------------	--

(2) Accrual method based on group of credit risk characteristics

Group with bad debt provision accrual by aging:

Account age	Accrual ratio
Within one year (one year included)	0%
1—2 years	5%
2—3 years	10%
Over 3 years	15%

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

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

2. Bad debt provision accrual collected or switch back

Bad debt provision accrual was 0.00 Yuan; the amount collected or switches back amounting to 26,786.58 Yuan.

3. Other receivables by nature

In RMB

Nature	Ending book balance	Opening book balance
Margin and deposit	2,765,959.93	1,368,252.63
Receivable VAT rebates	72,512.38	337,748.21
Intercourse funds and other	46,851,617.56	43,299,184.37
Total	49,690,089.87	45,005,185.21

4. Top 5 other receivables at ending balance by arrears party

In RMB

Company	Nature	Ending balance	Age	Ratio in total ending balance of other receivables	Ending balance of bad bet provision
Changzhou Shenbao Chacang E-Business Co., Ltd.	Intercourse funds	18,857,745.76	1-3 years and above	37.95%	2,497,820.07
Shenzhen Shenbao Manan Bio-technology Co., Ltd.	Intercourse funds	2,604,000.00	Within one year	5.24%	
Yunnan Pu'er Tea Trading Center Co., Ltd.	Intercourse funds	1,768,096.39	Within one year	3.56%	
Hangzhou Shilongshan Eco-Eden Co., Ltd.	Intercourse funds	600,000.00	1-2 years	1.21%	30,000.00
Fujian Wuyi Mout. Yuxing Tea Co., Ltd.	Deposit	500,000.00	Within one year	1.01%	
Total	--	24,329,842.15	--	48.97%	2,527,820.07

7. Inventory

1. Inventory classification

In RMB

Items	Ending balance			Opening balance		
	Book balance	Depreciation reserve	Book value	Book balance	Depreciation reserve	Book value
Raw materials	43,814,141.30	3,680,556.66	40,133,584.64	50,061,015.73	3,704,335.73	46,356,680.00
Goods in process	44,501,153.23		44,501,153.23	31,256,557.79	81,052.46	31,175,505.33
Finished goods	41,795,442.08	1,276,984.68	40,518,457.40	35,192,734.56	1,282,058.46	33,910,676.10
Wrappage	9,733,185.02		9,733,185.02	5,311,914.37		5,311,914.37
Goods in transit	2,345,967.04		2,345,967.04	6,484,704.45		6,484,704.45
Outside processing materials	5,337,209.83	5,290,502.32	46,707.51	5,337,209.83	5,290,502.32	46,707.51
Develop product				6,755,496.74		6,755,496.74
Low-value consumption goods	82,646.91		82,646.91			
Total	147,609,745.41	10,248,043.66	137,361,701.75	140,399,633.47	10,357,948.97	130,041,684.50

2. Inventory depreciation reserve

In RMB

Items	Opening balance	Increase in the current period		Decrease in the current period		Ending balance
		Accrual	Other	Switch back or write-off	Other	
Raw materials	3,704,335.73			23,779.07		3,680,556.66
Goods in process	81,052.46			81,052.46		
Finished goods	1,282,058.46			5,073.78		1,276,984.68
Outside processing materials	5,290,502.32					5,290,502.32
Total	10,357,948.97			109,905.31		10,248,043.66

8. Other current assets

In RMB

Items	Ending balance	Opening balance
Pending deduct VAT input tax	3,544,490.74	3,911,623.17
Financial products	63,000,000.00	
Total	66,544,490.74	3,911,623.17

9. Financial assets available for sale

1. Particular about financial assets available for sale

In RMB

Items	Ending balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Instrument equity available for sale:	17,537,500.00	17,480,000.00	57,500.00	17,537,500.00	17,480,000.00	57,500.00
Measured by cost	17,537,500.00	17,480,000.00	57,500.00	17,537,500.00	17,480,000.00	57,500.00
Total	17,537,500.00	17,480,000.00	57,500.00	17,537,500.00	17,480,000.00	57,500.00

2. Financial assets available for sale measured by cost at period-end

In RMB

The invested entity	Book balance				Depreciation reserves				Ratio of share-holding in invested entity	Cash dividend
	Period-beginning	Increased	Decreased	Period-end	Period-beginning	Increased	Decreased	Period-end		
Shenzhen Sanjiu Weitai Co., Ltd.	2,480,000.00			2,480,000.00	2,480,000.00			2,480,000.00	0.95%	
Shenzhen Tianji Photo-electric Technology Industrial Co., Ltd.	15,000,000.00			15,000,000.00	15,000,000.00			15,000,000.00	3.77%	
Beijing Tiantan Co., Ltd.	57,500.00			57,500.00						
Total	17,537,500.00			17,537,500.00	17,480,000.00			17,480,000.00	--	

3. Change of impairment for financial assets available for sale in the Period

In RMB

Category	Equity instrument available for sale	Debt instrument available for sale	Total
Balance accrual at period-begin	17,480,000.00		17,480,000.00

Current accrual			
Including: transfer-in from other comprehensive income			
Current decreased			
Including: switch back due to fair value gose up at period-end			
Balance accrual at period-end	17,480,000.00		17,480,000.00

10. Long-term equity investment

In RMB

The invested entity	Opening balance	+,-								Ending balance	Ending balance of impairment provision
		Additiona l investme nt	Capit al reduc tion	Investment gains recognized under equity	Other compre hensive income adjustm ent	Other equity change	Cash dividend or profit announc ed to issued	Impair ment accrua l	Other		
I. Joint venture											
II. Associated enterprise											
Shenzhen Shenbao (Xinmin) Food Co., Ltd.	2,870,000.00									2,870,000.00	2,870,000.00
Shenzhen Shenbao (Liaoyuan) Industrial Co., Ltd.	57,628.53									57,628.53	57,628.53
Shenzhen Shenbao Manan Bio-technolog y Co., Ltd.	1,042,686.34			23,717.03						1,066,403.37	
Changzhou Shenbao Chacang E-Business Co., Ltd.											
Subtotal	3,970,314.87			23,717.03						3,994,031.90	2,927,628.53

Total	3,970,314.87		23,717.03					3,994,031.90	2,927,628.53
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11. Fixed assets

1. Fixed assets

In RMB

Items	House and buildings:	Machinery equipment	Transportation equipment	Other equipment	Total
I. original book value:					
1. Opening balance	297,592,711.14	222,594,118.72	7,237,524.52	11,095,596.25	538,519,950.63
2. increased in the Period	884,927.63	37,484.61		882,106.02	1,804,518.26
(1)Purchase		37,484.61		882,106.02	919,590.63
(2) construction in process transfer-in	884,927.63				884,927.63
(3)increased by combination					
3.decreased in the Period		25,000.00		18,600.00	43,600.00
(1)disposal or scrapping		25,000.00		18,600.00	43,600.00
4. Ending balance	298,477,638.77	222,606,603.33	7,237,524.52	11,959,102.27	540,280,868.89
II. Accumulated depreciation					
1. Opening balance	24,521,540.26	105,847,257.39	3,448,527.45	4,594,499.79	138,411,824.89
2. increased in the Period	4,113,389.45	6,764,183.58	323,111.69	757,242.33	11,957,927.05
(1) accrual	4,113,389.45	6,764,183.58	323,111.69	757,242.33	11,957,927.05
3.decreased in the Period		19,131.95		3,435.84	22,567.79
(1)disposal or scrapping		19,131.95		3,435.84	22,567.79
4. Ending balance	28,634,929.71	112,592,309.02	3,771,639.14	5,348,306.28	150,347,184.15
III. Depreciation reserves					
1. Opening balance		2,647,112.69			2,647,112.69

2. increased in the Period					
(1) accrual					
3. decreased in the Period					
(1) disposal or scrapping					
4. Ending balance		2,647,112.69			2,647,112.69
IV. Book value					
1. Ending Book value	269,842,709.06	107,367,181.62	3,465,885.38	6,610,795.99	387,286,572.05
2. Opening book value	273,071,170.88	114,099,748.64	3,788,997.07	6,501,096.46	397,461,013.05

2. Certificate of title un-completed

In RMB

Items	Book value	Reasons
Nanshan Office Building	86,204,815.11	Still in process of relevant property procedures

-No fixed assets rent-in through finance lease in the Period

-The property certificate of house & building that un-completed at end of the Period mainly refers to the office place of the headquarter and R&D center, certificates are still in process. Original value of the house & buildings without certificated done was 92,773,968.85 Yuan at period-end.

-Among the ending balance, the original value of fixed assets used for bank pledge was RMB30,567,419.75, and the net value were RMB 22,140,740.78. 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. Pledge term is from 13 March 2013 to 12 March 2016.

-At the period end, impairment reserves for corresponding fixed assets are accrual based on the condition as recoverable amount of the fixed assets lower its book value.

12. Construction in progress

Construction in progress

In RMB

Items	Ending balance	Opening balance
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	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book 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)	3,794,641.73		3,794,641.73	2,572,410.64		2,572,410.64
Production line of Huizhou Technology Lile package	4,188.03		4,188.03			
Equipments remaining installation of Shenbao Technology Center	1,203,806.04		1,203,806.04	998,299.44		998,299.44
Store fitting-out works of the Sofeware Gardern	247,699.50		247,699.50			
Standard Park Project of the West Lake Longjing Tea				470,016.63		470,016.63
Other	903,189.74	903,189.74		903,189.74	903,189.74	
Total	9,995,858.68	4,745,523.38	5,250,335.30	8,786,250.09	4,745,523.38	4,040,726.71

13. Productive biological assets

1. Productive biological assets measured by cost

√ Applicable □ Not applicable

In RMB

Items	Plantation	Livestock	Forestry	Aquaculture	Total
	Tea tree				
I. original book value					

1. Opening balance	436,156.00				436,156.00
2. increased in the Period					
(1) Outsourcing					
(2) Self-cultivate					
3. decreased in the Period					
(1) Disposal					
(2) Other					
4. Ending balance	436,156.00				436,156.00
II. Accumulated depreciation					
1. Opening balance					
2. increased in the Period					
(1) accrual					
3. decreased in the Period					
(1) Disposal					
(2) Other					
4. Ending balance					
III. Depreciation reserves					
1. Opening balance					
2. increased in the Period					
(1) accrual					
3. decreased in the Period					
(1) Disposal					
(2) Other					
4. Ending balance					
IV. Book value					
1. Ending Book value	436,156.00				436,156.00

2.Opening book value	436,156.00				436,156.00
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2. Productive biological assets measured by fair value

Applicable Not applicable

14. Intangible assets

1. Particular about intangible assets

In RMB

Items	Land use right	Patent	Non-patent technology	Know-How	forest tree use right	trademark use right	software use right	Total
I. original book value								
1.Opening balance	162,844,832.87			40,451,130.52	22,871,704.98	5,065,349.61	2,543,524.93	233,776,542.91
2. increased in the Period							300,000.00	300,000.00
(1)Purchase							300,000.00	300,000.00
(2)Internal R&D								
(3)increased by combination								
3.decreased in the Period								
(1) Disposal								
4.Ending balance	162,844,832.87			40,451,130.52	22,871,704.98	5,065,349.61	2,843,524.93	234,076,542.91
II. accumulated amortization								
1.Opening balance	18,455,786.37			15,953,549.25	1,113,677.76	1,171,899.76	120,542.97	36,815,456.11
2.	1,872,974.95			1,125,051.40	195,474.60	257,971.91	170,362.71	3,621,835.57

increased in the Period								
(1) accrual	1,872,974.95		1,125,051.40	195,474.60	257,971.91	170,362.71	3,621,835.57	
3.decreased in the Period								
(1) Disposal								
4.Ending balance	20,328,761.32		17,078,600.65	1,309,152.36	1,429,871.67	290,905.68	40,437,291.68	
III. Depreciation reserves								
1.Opening balance								
2. increased in the Period								
(1) accrual								
3.decreased in the Period								
(1) Disposal								
4.Ending balance								
IV. Book value								
1.Ending Book value	142,516,071.55		23,372,529.87	21,562,552.62	3,635,477.94	2,552,619.25	193,639,251.23	
2.Opening book value	144,389,046.50		24,497,581.27	21,758,027.22	3,893,449.85	2,422,981.96	196,961,086.80	

Ratio of intangible assets form by internal R&D at period-end in balance of intangible assets was 0.00%

15 Development expenses

In RMB

Items	Opening balance	increased in the Period	decreased in the Period	Ending balance
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Items I		142,289.07		142,289.07
ItemsII		2,944.38		2,944.38
ItemsIII		212,277.86		212,277.86
Items IV		227,084.64		227,084.64
ItemsV		112,301.23		112,301.23
ItemsVI		228,157.00		228,157.00
ItemsVII		226,466.62		226,466.62
ItemsVIII		129,829.96		129,829.96
Items IX		121,518.63		121,518.63
Total		1,402,869.39		1,402,869.39

16. Long-term unamortized expenses

In RMB

Items	Opening balance	increased in the Period	Amortized in the Period	Other decrease	Ending balance
Reform of tea park in Wuyuan	207,271.00		46,151.09		161,119.91
Decoration charge for office	6,758,578.06	369,895.81	867,121.21		6,261,352.66
Affiliated project of resident area in Jufangyong Wuyuan	1,233,819.39		182,369.32		1,051,450.07
Reform project of warehouse	3,796,780.34	155,052.22	654,733.38		3,297,099.18
Lease of workshop and office building	673,493.98	337,525.40	667,999.19		343,020.19
Other	291,769.02	1,678,670.99	752,910.57		1,217,529.44
Total	12,961,711.79	2,541,144.42	3,171,284.76		12,331,571.45

17. Deferred income tax assets and deferred income tax liabilities

1. Deferred income tax assets un-offset

In RMB

Items	Ending balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets

Depreciation reserves of assets	10,853,321.21	2,699,691.68	11,344,502.29	2,795,010.62
Gains from changes of fair value			642,447.39	160,611.85
Total	10,853,321.21	2,699,691.68	11,986,949.68	2,955,622.47

2. Deferred income tax liabilities un-offset

In RMB

Items	Ending balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Asset evaluation increment for combination not under the same control	4,898,912.35	1,224,728.09	5,050,586.00	1,262,646.50
Change of fair value for the financial assets available for sale	3,176,115.40	794,028.85		
Total	8,075,027.75	2,018,756.94	5,050,586.00	1,262,646.50

3. Details of unrecognized deferred income tax assets

In RMB

Items	Ending balance	Opening balance
Deductible temporary differences	67,330,462.05	67,330,462.05
Deductible losses	53,723,670.54	61,597,923.02
Total	121,054,132.59	128,928,385.07

18. Short-term loans

Types of short-term loans

In RMB

Items	Ending balance	Opening balance
Guarantee loan		40,000,000.00
Total		40,000,000.00

19. Account payable

1. Account payable

In RMB

Items	Ending balance	Opening balance
Within one year	23,839,970.98	7,654,240.12
1-2 years	1,208,820.17	2,625,057.87
2-3 years	3,670,650.26	5,016,087.79
Over 3 years	2,352,787.43	2,384,065.45
Total	31,072,228.84	17,679,451.23

2. Accounts payable with age over 1 year

In RMB

Items	Ending balance	Reasons of outstanding or carry-over
Supplier 1	518,655.52	Has uncertainty in payment
Supplier 2	515,892.30	Has uncertainty in payment
Total	1,034,547.82	--

20. Account received in advance

Account received in advance

In RMB

Items	Ending balance	Opening balance
Within one year	2,715,662.78	1,752,043.85
1-2 years	105,000.00	144,994.72
2-3 years	420,000.00	420,000.00
Over 3 years	845,346.95	845,346.95
Total	4,086,009.73	3,162,385.52

21. Wages payable

1. Wages payable

In RMB

Items	Opening balance	Current increased	Current decreased	Ending balance
I. Short-term compensation	7,596,846.63	32,634,392.36	34,022,923.45	6,208,315.54

II. After-service welfare-defined contribution plans	240,414.17	2,349,779.52	2,400,871.12	189,322.57
Total	7,837,260.80	34,984,171.88	36,423,794.57	6,397,638.11

2. Short-term compensation

In RMB

Items	Opening balance	Current increased	Current decreased	Ending balance
1. Wage, bonus, allowance and subsidy	6,328,955.71	25,225,551.24	26,987,489.74	4,567,017.21
2. Employees' welfare		3,336,649.24	3,336,649.24	
3. Social insurance charges	38,815.79	1,434,849.34	1,293,969.53	179,695.60
Including: basic medical insurance premium	34,239.43	1,269,377.60	1,124,051.46	179,565.57
Industrial injury insurance premiums	1,401.35	75,787.16	77,125.54	62.97
Maternity insurance premiums	3,175.01	89,684.58	92,792.53	67.06
Other				
4. Housing public reserve		1,767,486.15	1,767,486.15	
5. Trade union fee and education fee	1,229,075.13	869,856.39	637,328.79	1,461,602.73
Total	7,596,846.63	32,634,392.36	34,022,923.45	6,208,315.54

3. Defined contribution plans

In RMB

Items	Opening balance	Current increased	Current decreased	Ending balance
1. Basic endowment insurance premiums	233,879.04	1,929,390.46	1,975,432.15	187,837.35
2. Unemployment insurance premiums	6,535.13	420,389.06	425,438.97	1,485.22
Total	240,414.17	2,349,779.52	2,400,871.12	189,322.57

22. Tax payable

In RMB

Items	Ending balance	Opening balance
VAT	111,588.38	
business tax	1,695,125.10	5,328,791.75
Enterprise income tax	3,937,855.57	4,250,882.59
Personal income tax	167,649.42	164,636.83
Urban maintenance and construction tax	72,740.86	419,534.52
House property tax	148,805.38	212,077.16
Embankment fee	51,387.11	52,765.33
Surtax for education expenses	53,934.05	296,311.30
Use tax of land	16,927,829.08	13,986,409.88
Tenure tax	125,261.89	81,576.21
Other	34,707.17	108,083.68
Total	23,326,884.01	24,901,069.25

23. Dividend payable

In RMB

Items	Ending balance	Opening balance
Shares without trusted	218,212.60	218,212.60
Shenzhen Investment Management Company	2,690,970.14	2,690,970.14
Total	2,909,182.74	2,909,182.74

Other explanation, including the dividend payable un-paid over one year, disclosed the reasons:

The dividend payable to Shenzhen Investment Management Company is the leftover problems due to the history of guarantee

24. Other payable**Classification of other payable according to nature**

In RMB

Items	Ending balance	Opening balance
Deposit and margin	1,515,796.51	1,169,860.00
Engineering quality retention money and fund of tail	7,499,006.69	26,721,572.13

Intercourse funds and other	12,508,954.28	20,954,388.56
Total	21,523,757.48	48,845,820.69

25. Deferred income

In RMB

Items	Opening balance	Current increased	Current decreased	Ending balance	形成原因
Government grants	14,376,120.78		568,991.93	13,807,128.85	
Total	14,376,120.78		568,991.93	13,807,128.85	--

Items with government grants involved:

In RMB

Liability	Opening balance	Grants increased in the Period	Amount reckoned into non-operating revenue	Other changes	Ending 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 tea	1,000,000.00		62,500.00		937,500.00	Assets-related
Industrialization project of instant tea power	2,869,920.16		98,222.94		2,771,697.22	Assets-related
Special fund project of strategic emerging industry development	20,123.05				20,123.05	Assets-related
Base of further processing for tea and nature plants	2,200,000.00		137,500.00		2,062,500.00	Assets-related
Enterprise technology center is a municipal R&D center. Subsidies for industrial technological advancement	2,781,316.66		88,041.96		2,693,274.70	Assets-related
Subsidies for key technology research and industrialization of instant tea powder	509,991.25		7,122.51		502,868.74	Assets-related
Subsidy of Guangdong -Agricultural public relation project	1,120.58				1,120.58	Assets-related
Special funds for Shenzhen strategic	4,943,729.08		175,604.52		4,768,124.56	Assets-related

emerging industrial development (deep processing of natural plan project) (Shen Fa Gai No. 20131601)						
Total	14,376,120.78		568,991.93		13,807,128.85	--

26. Share capital

In RMB

	Opening balance	Increased (decreased) in this year +,-					Ending balance
		New shares issued	Bonus shares	Shares converted from public reserve	Other	Sub-total	
Total shares	301,080,184.00						301,080,184.00

27. Capital reserves

In RMB

Items	Opening balance	Current increased	Current decreased	Ending balance
Capital premium (Share capital premium)	517,246,875.36			517,246,875.36
Other Capital reserves	939,554.31			939,554.31
Total	518,186,429.67			518,186,429.67

28. Surplus reserves

In RMB

Items	Opening balance	Current increased	Current decreased	Ending balance
Statutory surplus reserves	49,483,448.58			49,483,448.58
Total	49,483,448.58			49,483,448.58

29. Retained profit

In RMB

Items	This period	Last period
Retained profits at the end of last year before adjustment	102,128,156.68	93,286,637.50
Retained profits at the beginning of the year after adjustment	102,128,156.68	93,286,637.50

Add: The net profits belong to owners of patent company of this period	5,317,533.95	13,323,820.43
Less: Exact Statutory surplus reserves		4,482,301.25
Retained profit at period-end	107,445,690.63	102,128,156.68

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

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

30. Operating income and cost

In RMB

Items	Current Period		Last Period	
	Income	Cost	Income	Cost
Main operating	163,268,288.38	105,574,687.77	118,250,169.14	96,487,715.91
Other operating	87,854.89	3,065.99		
Total	163,356,143.27	105,577,753.76	118,250,169.14	96,487,715.91

31. Business tax and surcharges

In RMB

Items	Current Period	Last Period
Business tax	2,408,951.65	74,670.00
Urban maintenance and construction tax	475,029.71	129,715.27
Educational surtax	347,779.17	159,178.47
Land VAT	6,121,700.63	
Total	9,353,461.16	363,563.74

32. Sales expenses

In RMB

Items	Current Period	Last Period
Employee compensation and employee costs	6,788,330.62	5,632,456.90
Rental and utilities	1,765,201.15	1,228,175.50
Depreciation and amortization expenses	759,933.91	205,761.60

Goods transport miscellaneous expenses	2,342,091.04	2,615,002.62
Sales discounts, promotion fee and advertising expenses	2,331,330.29	2,556,056.62
Daily office expenses	1,928,729.25	1,258,232.40
Other	974,098.88	1,170,491.10
Total	16,889,715.14	14,666,176.74

33. Management expenses

In RMB

Items	Current Period	Last Period
Employee compensation and employee costs	15,375,532.32	16,198,989.86
Rental and utilities	922,959.85	1,423,397.02
Depreciation and amortization expenses	7,595,340.46	5,362,836.31
Intermediary and disclosure expenses	2,508,098.86	2,922,220.78
Tax and fee	1,455,551.93	1,327,436.15
Daily office expenses	5,301,740.34	7,034,140.42
Other	1,446,882.32	2,684,696.07
Total	34,606,106.08	36,953,716.61

34. Financial expenses

In RMB

Items	Current Period	Last Period
Interest expense	92,388.89	753,873.36
Less: interest income	987,191.77	1,720,498.76
Exchange loss	280,869.62	-173,697.00
Other	152,148.31	106,678.39
Total	-461,784.95	-1,033,644.01

35. Asset impairment loss

In RMB

Items	Current Period	Last Period
1. Bad debt losses	-28,845.44	
2. Inventory falling price loss	-109,905.31	
Total	-138,750.75	

36. Gains from change of fair value

In RMB

Source of gains from change of fair value	Current Period	Last Period
Financial assets measured by fair value and with its variation reckoned into current gains/losses	3,176,115.41	397,336.94
Total	3,176,115.41	397,336.94

37. Investment gains

In RMB

Items	Current Period	Last Period
Long-term equity investment gains recognized under equity method	23,717.03	
Investment income from disposal of long-term equity investment		2,853,536.67
Investment income gained from disposal of available-for-sales financial assets		-480.81
Other	606,734.01	
Total	630,451.04	2,853,055.86

38. Non-operating income

In RMB

Items	Current Period	Last Period	Amount included in the current non-recurring profit and loss
Total income from disposal of non-current assets		1,000.00	
Including: Gains from disposal of fixed assets		1,000.00	
Government grant	2,368,991.93	1,639,508.42	2,368,991.93
Satisfaction from Sunrise Company	3,554,722.34		3,554,722.34
Other		286,559.99	
Total	5,923,714.27	1,927,068.41	5,923,714.27

Government grants reckoned into current gains/losses:

In RMB

Items	Current Period	Last Period	Assets-related/ Income-related
Science and technology award received from Longgang		300,000.00	

District			
The ninth batch of patent financing costs for year of 2013 received from Shenzhen Market Supervisory Authority		4,000.00	
Special subsidy received from technology center of the Finance Bureau		500,000.00	
Subsidy of the energy audit for region key energy-consuming enterprise received from Finance Bureau		50,000.00	
Other government grants		14,629.00	
Patent application subsidy received from Shenzhen Market Supervisory Authority		8,000.00	
Fund of the provincial agriculture industrialization for year of 2013 – brand reward		200,000.00	
Provincial tea funds for year of 2012		40,000.00	
Fund of National Spark Program of the sericulture and tea research institute of Jiangxi Province		200,000.00	
The ninth batch of patent financing costs for year of 2013 from Market Supervisory Authority		4,000.00	
Special subsidy of the famous trademark in Guangdong Province		200,000.00	
Deferred income transfer-in	568,991.93	118,879.42	
Agriculture development for year of 2014 – subsidy of the solid milk tea project	1,400,000.00		Income-related
Xingjiang Talent 866 project subsidy (the 2 nd year)	100,000.00		Income-related
Ganpan Talent 555 project subsidy (the 2 nd year)	300,000.00		Income-related

Total	2,368,991.93	1,639,508.42	--
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39. Non-operating expenditure

In RMB

Items	Current Period	Last Period	Amount reckoned into current non-recurring gains/losses
non-current assets disposal losses	14,032.21	36,018.31	14,032.21
Including: fixed assets disposal losses	14,032.21	36,018.31	14,032.21
Other	35,780.00		35,780.00
Total	49,812.21	36,018.31	49,812.21

40. Income tax expense

1. Statement of income tax expenses

In RMB

Items	Current Period	Last Period
Current income tax expenses	3,714,074.24	616,915.57
Deferred income tax expenses	971,230.54	-99,334.24
Total	4,685,304.78	517,581.33

2. Adjustment process of accounting profit and income tax expenses

In RMB

Items	Current Period
Total profit	7,210,111.34
Income tax expenses calculated by statutory tax rate	1,802,527.84
Impact from previous income tax adjusted	147,367.27
Cost, expenses and loss which are not deductible	2,735,409.67
Income tax expenses	4,685,304.78

41. Items of cash flow statement

1. Cash received with other operating activities concerned

In RMB

Items	Current Period	Last Period
Interest income	820,002.65	1,609,400.13

Government grants	1,890,000.00	1,537,390.44
Intercourse funds and other	6,339,891.65	1,069,965.89
Total	9,049,894.30	4,216,756.46

2. Cash paid with other operating activities concerned

In RMB

Items	Current Period	Last Period
Expenses	21,227,901.03	25,195,118.77
Intercourse funds and other	16,812,718.06	2,818,183.71
Total	38,040,619.09	28,013,302.48

3. Cash received with other investment activities concerned

In RMB

Items	Current Period	Last Period
Financial products income	606,734.01	
Total	606,734.01	

42. Supplementary information to statement of cash flow

1. Supplementary information to statement of cash flow

In RMB

Item	This Period	Last Period
1.Net profit adjusted to cash flow of operation activities:	--	--
Net profit	2,524,806.56	-24,563,498.28
Add: Impairment provision for assets	-138,750.75	
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	11,957,927.05	11,553,060.14
Amortization of intangible assets	3,621,835.57	3,362,054.19
Amortization of long-term deferred expenses	3,171,284.76	2,622,925.36
Loss from disposal of fixed assets, intangible assets and other long-term assets (income is listed with "--")	14,032.21	36,018.31
Loss from change of fair value (income is listed with "--")	-3,176,115.41	-397,336.94
Financial expenses (income is listed with "--")	201,662.03	1,033,927.18
Investment loss (income is listed with "--")	-630,451.04	-3,117,911.14

Decrease of deferred income tax assets (increased is listed with “-“)	255,930.79	-99,334.24
Increase of deferred income tax liability (loss is listed with “-“)	756,113.77	1,300,508.81
Decrease of inventory (increased is listed with “-“)	-3,922,049.83	-39,883,531.73
Decrease of operating receivable accounts (increased is listed with “-“)	-188,460,222.53	-100,563,419.78
Increase of operating payable accounts (loss is listed with “-“)	195,737,613.00	100,812,590.90
Net cash flow arising from operating activities	21,913,616.18	-47,903,947.22
2. Material investment and financing not involved in cash flow:	--	--
3. Net change of cash and cash equivalents	--	--
Balance of cash at period end	180,474,544.93	262,924,249.67
Less: Balance of cash at year-begin	266,847,778.44	243,452,272.91
Net increasing of cash and cash equivalents	-86,373,233.51	19,471,976.76

2. Constitution of cash and cash equivalent

In RMB

Items	Ending balance	Opening balance
I . Cash	180,474,544.93	266,847,778.44
Including: Cash on hand	150,028.28	100,531.08
Bank deposit available for payment at any time	180,324,516.65	266,747,247.36
III. Balance of cash and cash equivalent at period-end	180,474,544.93	266,847,778.44

43. Assets with ownership or use right restricted

In RMB

Items	Ending Book value	Reason
Fixed assets	22,140,740.78	Applying for the comprehensive credit limit
Total	22,140,740.78	--

44. Item of foreign currency**Item of foreign currency**

In RMB

Items	Closing balance of foreign currency	Rate of conversion	Ending RMB balance converted
Monetary fund			
Including: USD	6,750.80	6.1136	41,271.69
HKD	98,292.54	0.7886	77,513.50
Accounts receivable			
Including: USD	255,141.58	6.1136	1,559,833.56
Account paid in advance			
Including: USD	1,396,279.00	6.1136	8,536,291.29

VIII. Changes of consolidation range**Other reasons for consolidation range changed**

Reasons for changed on consolidation range (such as new subsidiary established, subsidiary liquidated etc.)And relevant information:

Subsidiary included in consolidation scope in the Period

Name	Reasons
Shenbao Shengyuan (Beijing) Food Co., Ltd.	Establishment

Shenbao Shengyuan (Beijing) Food Co., Ltd. is established jointly by Shenbao Huacheng and Beijing Yuding Shengyuan Commerce Co., Ltd., the Company holds 51% equity and included in the consolidation range

IX. Equity in other entity**1. Equity in subsidiary****(1) Constitute of enterprise group**

Subsidiary	Main operation place	Registered place	Business nature	Share-holding ratio		Acquired way
				Directly	Indirectly	
Shenbao Huacheng	Shenzhen	Shenzhen	Manufacturing	100.00%		Establishment
Shenshenbao Investment	Shenzhen	Shenzhen	Investment management	100.00%		Establishment

Wuyuan Ju Fang Yong	Shangrao	Shangrao	Manufacturing	100.00%		Establishment
Shenbao Sanjing	Huizhou	Shenzhen	Manufacturing	100.00%		Establishment
Huizhou Shenbao Technology	Huizhou	Huizhou	Comprehensive	100.00%		Establishment
Shenbao Property	Shenzhen	Shenzhen	Property management	100.00%		Establishment
Shenzhen Inudstry& Trading	Huizhou	Shenzhen	Wholesale	100.00%		Establishment
Shenzhen Technology Center	Shenzhen	Shenzhen	Development, consulting and transfer of the technology	100.00%		Establishment
Hangzhou Ju Fang Yong	Hangzhou	Hangzhou	Comprehensive	100.00%		Establishment
Chunshi Network	Hangzhou	Hangzhou	Wholesale		100.00%	Establishment
Fuhaitang Ecology	Hangzhou	Hangzhou	Planting, production and sales of tea		92.00%	Acquisition
Shenshenbao Tea Culture	Shenzhen	Shenzhen	Comer and tarde		65.00%	Establishment
Shenbao Yuxing	Wuyishan	Wuyishan	Manufacturing		51.75%	Establishment
Shenbao Shengyuan	Beijing	Beijing	Wholesale		51.00%	Establishment

2. Important non-wholly-owned subsidiary

In RMB

Subsidiary	Share-holding ratio of minority (%)	Gains/losses attributable to minority in the Period	Dividend distribute for minority in the Period	Balance of minority's equity at period-end
Shenbao Shengyuan	49.00%	-110,941.76		3,564,058.24
Shenbao Yuxing	48.25%	-1,725,580.08		18,009,491.49
Fuhaitang Ecology	8.00%	-6,843.01		422,481.42
Shenshenbao Tea Culture	35.00%	-949,362.54		4,271,352.61

3. Main finance of the important non-wholly-owned subsidiary

In RMB

Subsidiary	Ending balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liability	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liability
Shenbao Shengyuan	13,016,981.99	8,157.06	13,025,139.05	5,751,550.81		5,751,550.81						
Shenbao Yuxing	42,669,770.64	19,734,400.21	62,404,170.85	25,078,799.88		25,078,799.88	42,956,145.94	19,469,179.80	62,425,325.74	21,523,623.00		21,523,623.00
Fuhaitang Ecology	1,961,634.21	3,255,967.91	5,217,602.12	3,610,768.75		3,610,768.75	2,189,142.96	3,008,633.12	5,197,776.08	3,619,160.24		3,619,160.24
Shenshenbao Tea Culture	11,908,448.35	827,072.77	12,735,521.12	531,656.51		531,656.51	7,437,961.62	37,991.44	7,475,953.06	59,624.06		59,624.06

In RMB

Subsidiary	Current Period				Last Period			
	Operation Income	Net profit	Total comprehensive income	Cash flow from operation activity	Operation Income	Net profit	Total comprehensive income	Cash flow from operation activity
Shenbao Shengyuan	2,217,737.68	-226,411.76	-226,411.76	-4,965,431.23				
Shenbao Yuxing	3,127,627.09	-3,576,331.77	-3,576,331.77	-3,170,714.22	3,366,573.63	-2,474,878.07	-2,474,878.07	-7,952,760.93
Fuhaitang Ecology	2,395,283.81	28,217.53	28,217.53	56,512.60	1,623,202.68	258,903.82	258,903.82	326,103.60
Shenshenbao Tea Culture	156,314.52	-2,712,464.39	-2,712,464.39	-4,397,196.44				

2. Equity in joint venture and cooperative enterprise

1. Financial summary for un-important joint venture or cooperative enterprise

In RMB

	Ending balance /Current Period	Opening balance /Last Period
Joint venture:	--	--
Total book value of the investment		

Total numbers measured by share-holding ratio	--	--
-- Net profit		
--Other comprehensive income		
-- Total comprehensive income		
Cooperative enterprise:	--	--
Total book value of the investment	1,066,403.37	
Total numbers measured by share-holding ratio	--	--
-- Net profit	46,503.98	
--Other comprehensive income		
-- Total comprehensive income	46,503.98	

2. Excess losses from joint venture or cooperative enterprise

In RMB

Name	Cumulative un-confirmed losses	Un-confirmed losses not recognized in the Period (or net profit enjoyed in the Period)	Cumulative un-confirmed losses at period-end
Changzhou Shenbao Chacang E-Business Co., Ltd.	6,337,663.92	1,478,373.34	7,816,037.26

X. Risks relating to financial instruments

Our business operation makes the Company exposed to various financial risks: credit risk, liquidity risk and market risk (mainly refers to exchange risk and interest risk). The general risk management policy of the Company is to minimize potential negative effects on our financial performance in view of the unforeseeable financial market.

1. Credit risk

The credit risk mainly arises from monetary capital, notes receivables, trade receivables and other receivables. The management has established adequate credit policies and continues to monitor exposure of these credit risks.

Monetary capital held by the Company is mainly deposited with financial institutions such as commercial banks. Management believes that these banks are relatively highly rated and possess sound assets and there is low credit risk. The Company adopts amount-limitation policy to prevent credit risk from any financial institution.

For trade receivables, other receivables and note receivables, the Company establishes relevant policies to control exposure of credit risk. The Company appraises customers' credit quality based on their financial position, possibility to obtain guarantee from third parties, credit history and other factors such as prevailing market

conditions, and set corresponding credit terms. Customers' credit history would be regularly monitored by the Company. For those customers who have bad credit history, the Company will call collection in written form, shorten credit term or cancel credit term to ensure its overall credit risk is under control.

Up to 30th June 2015, the top five client's account receivable takes 28.31% in total account receivable of the Company (2014: 42.67%)

The maximum credit risk exposure equals to the carrying value of each financial asset in balance sheet (including derivative financial instrument). The Company has not provided any guarantee which would otherwise make the Company exposed to credit risk.

2. Liquidity risk

Liquidity risk represents the possibility that the Company is not able to acquire sufficient fund to satisfy business requirement, settle debt when it is due and perform other obligation of payment.

The finance department continues to monitor capital requirement for short and long term, to ensure adequate cash reserve. In addition, it continues to monitor whether borrowing agreement is complied with, and seeks for commitment from major financial institutions for provision of sufficient back-up fund, so as to satisfy capital requirement in a short and long term.

3. Exchange risk

The major operation of the Company is located in the PRC, and its major operation is settled in Renminbi. However, there is also exchange risk in respect of the recognized foreign currency assets and liabilities and future foreign currency transactions which are mainly denominated in US dollar. Our finance department is responsible for monitoring scale of foreign currency assets and liabilities and foreign currency transactions, to minimize its exposure to exchange risks. In 2014 and 2013, the Company did not sign any forward exchange contract or monetary exchange contract.

4. Interest risk

Our interest risk mainly arises from bank borrowings. Financial liabilities at floating rate expose the Company to cash flow interest risk, and financial liabilities at fixed rate expose the Company to fair value interest risk. The Company determines the respective proportion of contracts at fixed rate and floating rate based on prevailing market conditions.

5. Price risk

The Company purchases and sells products at market prices, therefore it is affected by fluctuation of these prices.

XI. Disclosure of fair value

Financial instrument at fair value

The Company states carrying value of the financial asset instruments at fair value as of 30 June 2015 under three levels of fair value. When determining the three levels of fair value in general, the Company bases on the lowest

level to which the key inputs used in measuring fair value belong. The three levels are defined as follows:

Level 1: unadjusted quotation that is available for the same assets or liabilities in active market as of the measurement date;

Level 2: inputs of relevant assets or liabilities which are observable directly or indirectly other than inputs stated as level 1;

Inputs of level 2 consist of: 1)quotation of similar assets or liabilities in active market; 2)quotation of the same or similar assets or liabilities in inactive market; 3)other observable inputs other than quotation, including observable interest rate and yield curve, implied fluctuation rate and credit spread during the normal quotation interval period; 4) inputs as certified by market.

Ending fair value of the assets and liabilities measured by fair value

In RMB

Items	Ending fair value			
	First-order	Second-order	Third-order	Total
I. Sustaining measured by fair value	--	--	--	--
(i) Financial assets measured by fair value and with its changes reckoned into current gains/losses	4,953,811.20			4,953,811.20
1.Trading financial assets	4,953,811.20			4,953,811.20
II. Non-persistent measure	--	--	--	--

XII. Related party and related transactions

1. Parent company of the enterprise

Parent company	Registration place	Business nature	Registered capital	Share-holding ratio on the enterprise for parent company	Voting right ratio on the enterprise
Shenzhen Agricultural Products Co., Ltd	Shenzhen	Development, established, operated and management the agricultural wholesale market, operates marketing leasing	RMB 1,696,964,100	19.09%	19.09%

		business etc.			
--	--	---------------	--	--	--

2. Subsidiary of the Enterprise

Found more in “IX. Equity in other entities” in this Section

3. Cooperative enterprise and joint venture

The joint venture or cooperative enterprise have balance of related transactions occurred in the Period or in previous period are as:

Company's name	Relationship with the Enterprise
Shenzhen Shenbao Manan Bio-technology Co., Ltd.	Cooperative enterprise
Changzhou Shenbao Chacang E-Business Co., Ltd.	Cooperative enterprise
Yunnan Pu'er Tea Trading Center Co., Ltd.	Cooperative enterprise

Other explanation

On July 7, 2014, the Company's 12th meeting of the eighth board of directors has deliberated and passed the “Motion about planning to invest and establish Yunnan Puer Tea Trading Center and the supporting service items”, which agreed the company to invest and establish Yunnan Puer Tea Trading Center Co., Ltd. in Pu'er City, Yunnan Province, the total investment amount is less than RMB 80 million yuan, as the project sponsor, and the Company has invested its owned funds of RMB 20 million yuan which accounts for 40% of the newly-established company's stock rights. On December 18, 2014, Yunnan Puer Tea Trading Center Co., Ltd. has gained the license of the business corporation issued by Administration for Industry and Commerce of Puer City, the registration number is 532700000000078. Up to June 30, 2015, the Company has not actually funded yet.

4. Other related party

Other related party	Relationship with the Enterprise
Shenzhen Investment Management Company	Former first largest shareholder of the Company
Shenzhen Investment Holding Co., Ltd.	Second largest shareholder of the Company
Fujian Wuyishan Yuxing Tea Co., Ltd.	Minority shareholder of the Holding subsidiary

5. Related transaction

1. Goods purchasing, labor service providing and receiving

Goods purchasing/labor service receiving

In RMB

Related party	Content	Current Period	Trading limit approved	Whether over the limit (Y/N)	Last Period
Fujian Wuyi Mout. Yuxing Tea Co., Ltd.	Tea purchasing				5,234,000.00

Goods sold/labor service providing

In RMB

Related party	Content	Current Period	Last Period
Shenzhen Agricultural Products Co., Ltd	Sales of tea	143,130.77	114,140.00

2. Related lease

As a lessee:

In RMB

Lessor	Assets type	Rent recognized in the period	Rent recognized in last period
Fujian Wuyi Mout. Yuxing Tea Co., Ltd.	Production plant	250,000.00	180,000.00

3. Related guarantee

As a guarantor:

In RMB

Secured party	Guarantee amount	starts	Ends	Completed or not (Y/N)
Shenzhen Shenbao Sanjing Food & Beverage Development Co., Ltd	30,000,000.00	2014-04-14	2015-04-20	Y
Shenzhen Shenbao Huacheng Science and Technology Co.,Ltd	30,000,000.00	2014-04-14	2015-04-20	Y

As a secured party

In RMB

Guarantor	Guarantee amount	starts	Ends	Completed or not (Y/N)
Shenzhen Shenbao Industrial Co., Ltd.	30,000,000.00	2014-04-14	2015-04-20	Y

Explanation on related guarantee

*1. The Company had signed the “Contract of Guarantee Under the Debt Ceiling” with Shenzhen Nanshan Baosheng County Bank on April 14, 2014 to provide loan guarantee for the subsidiary Shenzhen Sanjin, the term of validity was from April 14, 2014 to April 14, 2015.

Shenbao Sanjin had signed the current fund loan contract with Shenzhen Nanshan Baosheng County Bank on April 14, 2014 and obtained the loan of RMB 30 million yuan, and the term of validity was one year. The Company had provided the joint liability guarantee for it.

* 2: The Company had signed the “Contract of Guarantee Under the Debt Ceiling” with Shenzhen Nanshan Baosheng County Bank on April 14, 2014 to provide loan guarantee for the subsidiary Shenzhen Huacheng, the term of validity was from April 14, 2014 to April 14, 2015.

Shenbao Huacheng had signed the current fund loan contract with Shenzhen Nanshan Baosheng County Bank on April 14, 2014 and obtained the loan of RMB 30 million yuan, and the term of validity was one year. The Company had provided the joint liability guarantee for it.

*3. Shenzhen Huacheng had signed the “Contract of Guarantee Under the Debt Ceiling” with Shenzhen Nanshan Baosheng County Bank on April 14, 2014 to provide loan guarantee for the Company, the term of validity was from April 14, 2014 to April 14, 2015.

The Company had signed the current fund loan contract with Shenzhen Nanshan Baosheng County Bank on April 14, 2014 and obtained the loan of RMB 30 million yuan, and the term of validity was one year. Shenbao Huacheng had provided the joint liability guarantee for it.

5. Receivables/payables with related parties

1. Receivables

In RMB

Items	Related party	Ending balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable	Shenzhen Agricultural Products Co., Ltd	152,695.00		50,258.00	
Other account receivable	Changzhou Shenbao Chacang E-Business Co., Ltd.	18,857,745.76	2,497,820.07	18,598,494.94	2,497,820.07
Other account receivable	Yunnan Pu'er Tea Trading Center Co., Ltd.	1,768,096.39		508,525.68	
Other account receivable	Fujian Wuyi Mout. Yuxing Tea Co., Ltd. Fujian Wuyi Mout. Yuxing Tea Co., Ltd.	500,000.00			

2. Payables

In RMB

Items	Related party	Ending book balance	Opening book balance
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Other account payable	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

XIII. Commitment or contingency

1. Important commitment

Important commitment on balance sheet date

The Company has no commitment or contingency that need to disclosed up to 30 June 2015

2. Contingency

1. Important contingency on balance sheet date

2. Explain reasons if the Company has no important contingency need to disclosed

The Company has no important contingency need to disclosed

3. Other

XIV. Event after balance sheet date

The Company has no event after balance sheet date

XV. Other important events

According to the construction cooperation agreement entered into between the Company and Shenzhen Jitai Industrial Development Co., Ltd. (“Jitai Industrial Corporation”), the parcel of land owned by the Company at Wenjin North Road, Luohu District, Shenzhen (No.: H307-0018) was developed by Jitai Industrial Corporation as office building for its own use. The Company is not obliged to make any further investment nor to assume any cost in respect of this construction project. And Jitai Industrial Corporation is responsible for inject and assume all the capital needed for project construction. Based on the land appraisal value as stated in the document No. H307-0018, the Company determines RMB42,000,000 as the basis for property allocation of this construction project. Property allocation proportion attributable to the Company: based on the land appraisal value as stated in the document No. H307-0018, the proportion of RMB42,000,000 to the total cost of this construction project (namely RMB42,000,000 + all audited capital injected by Jitai Industrial Corporation for the construction project); if the proportion is less than 20%, then the lowest property allocation proportion attributable the Company is 20%. In December 2012, parties to this cooperation agreed to cancel the purpose of “office building for own use”, and in stead change to commercial property named “Jadite Apartment”. Commercial properties of this project

commenced move-in since 26 October 2014. Joint arrangement principles are appropriate for “Jadite Apartment” project. As of 30 June 2015, sales revenue attributable to the Company is RMB 152,320,500.

XVI.Annotation to main items in financial statements of parent company

1. Accounts receivable

1. Accounts receivable by category

In RMB

Type	Ending balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Account receivable withdrawal bad debt provision by group	14,833,092.57	99.81%	170.00	0.00%	14,832,922.57	66,943,637.46	99.96%	170.00	0.00%	66,943,467.46
Accounts receivables with single minor amount but with bad debts provision accrued individually	28,453.08	0.19%	28,453.08	100.00%		28,453.08	0.04%	28,453.08	100.00%	
Total	14,861,545.65	100.00%	28,623.08	0.19%	14,832,922.57	66,972,090.54	100.00%	28,623.08	0.04%	66,943,467.46

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

Applicable Not applicable

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

Applicable Not applicable

In RMB

Age	Ending balance		
	Account receivable	Bad debt provision	Accrual ratio
Within one year			
Subtotal of within one year	14,829,692.57		
1-2 years	3,400.00	170.00	5.00%
Total	14,833,092.57	170.00	

Explanation on combination determination:

Account receivable accrual bad debt provision by combination

(1) Recognition standards on credit risk characteristics portfolio

As for the account receivable with single minor amount, and the ones without impairment being found after

testing independently, classified into many groups according to the credit risk characteristics, based on the actual loss ratio of the account receivable groups with similar credit risk characteristics for previous years, accrual bad debt provision by actual conditions

Recognition standards:

Aging of accounts group	Take a best estimate on the accrual ratio for account receivables based on history of past experience, classified credit risk characteristics by referring to the age of receivables
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(2) Accrual method based on group of credit risk characteristics

Group with bad debt provision accrual by aging:

Account age	Accrual ratio
Within one year (one year included)	0%
1—2 years	5%
2—3 years	10%
Over 3 years	15%

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

Applicable Not applicable

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

Applicable Not applicable

2. Account receivable collected by arrears party at end of the Period

Top 5 account receivable at ending balance

Company	Ending balance	Ratio in ending balance of the account receivable(%)	Bad debt provision accrual
Client 1	4,911,360.00	33.04	---
Client 2	3,237,590.00	21.79	---
Client 3	2,167,900.00	14.59	---
Client 4	1,225,500.00	8.25	---
Client 5	376,916.14	2.54	---
Total :	11,919,266.14	80.21	---

2. Other accounts receivable

1. Category of other account receivable

In RMB

Category	Ending balance					Opening balance				
	Book balance		Bad debt reserves		Book value	Book balance		Bad debt reserves		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	

Other account receivable with bad debt provision accrual by portfolio	307,375,813.73	98.25%	2,497,515.32	0.81%	304,878,298.41	229,262,757.38	97.67%	2,523,701.90	1.10%	226,739,055.48
Other account receivable with single minor amount but withdrawal bad debt provision for single item	5,472,398.91	1.75%	5,472,398.91	100.00%		5,472,398.91	2.33%	5,472,398.91	100.00%	
Total	312,848,212.64	100.00%	7,969,914.23	2.55%	304,878,298.41	234,735,156.29	100.00%	7,996,100.81	3.41%	226,739,055.48

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

Applicable Not applicable

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

Applicable Not applicable

In RMB

Age	Ending balance		
	Other account receivable	Bad debt provision	Accrual ratio
Within one year			
Within one year	289,860,039.59		
Subtotal of within one year	289,860,039.59		
1-2 years	819,695.54	40,984.77	5.00%
2-3 years	957,624.79	95,762.48	10.00%
Over 3 years	15,738,453.81	2,360,768.07	15.00%
3-4 years	948,484.12	142,272.62	15.00%
4-5 years	4,410,151.72	661,522.76	15.00%
Over 5 years	10,379,817.97	1,556,972.69	15.00%
Total	307,375,813.73	2,497,515.32	

Explanation on combination determination:

Account receivable accrual bad debt provision by combination

(1) Determination basis of the potfolio combination

As for the account receivable with single minor amount, and the ones without impairment being found after testing independently, classified into many groups according to the credit risk characteristics, based on the actual loss ratio of the account receivable groups with similar credit risk characteristics for previous years, accrual bad debt provision by actual conditions

Combination recognition:

Aging of accounts group	Take a best estimate on the accrual ratio for account receivables based on history of past experience, classified credit risk characteristics by referring to the age of receivables
-------------------------	--

(2) Accrual method determined by portfolio

Combination of accrual bad debt provision by age analyst method:

Account age	Accrual ratio
Within one year (one year included)	0%
1—2 years	5%
2—3 years	10%
Over 3 years	15%

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

Applicable Not applicable

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

Applicable Not applicable

2. Bad debt provision accrual, switch-back or taken back in reporting period

Amount RMB 0.00 accrual in the Period; amount RMB 26,186.58 switch-back or taken back in the Period

3. Other receivables by nature

In RMB

Nature	Ending book balance	Opening book balance
Intercourse funds	312,166,626.21	234,285,933.46
Deposit and other	681,586.43	449,222.83
Total	312,848,212.64	234,735,156.29

4. top 5 other receivables collected by arrears party at ending balance

In RMB

Company	Nature	Ending balance	Account age	Proportion in total other receivables at year-end	Ending balance of bad debt provision
Huizhou Shenbao Technology	Intercourse funds	153,277,449.92	Within one year	48.99%	
Shenbao Sanjing	Intercourse funds	26,205,535.88	Within one year	8.38%	
Changzhou Shenbao Chacang E-Business Co., Ltd.	Intercourse funds	18,227,745.76	1-3 years and above	5.83%	2,466,320.07
Yunnan Pu'er Tea	Intercourse funds	1,768,096.39	Within one year	0.57%	

Trading Center Co., Ltd.					
Shenzhen Inudstry& Trading	Intercourse funds	230,589.19	Within one year	0.07%	
Total	--	199,709,417.14	--	63.84%	2,466,320.07

3. Long-term equity investment

In RMB

Items	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment for subsidiary	879,110,475.04		879,110,475.04	879,110,475.04		879,110,475.04
Investment for affiliates and joint venture	2,927,628.53	2,927,628.53		2,927,628.53	2,927,628.53	
Total	882,038,103.57	2,927,628.53	879,110,475.04	882,038,103.57	2,927,628.53	879,110,475.04

1. Investment for subsidiary

In RMB

Invested Unit	Opening balance	Increase during the period	Decrease during this period	Ending balance	Impairment accrual	Ending balance of impairment provision
Shenbao Property	2,550,000.00			2,550,000.00		
Shenzhen Inudstry& Trading	5,500,000.00			5,500,000.00		
Shenbao Sanjing	80,520,842.36			80,520,842.36		
Shenbao Huacheng	168,551,781.80			168,551,781.80		
Huizhou Shenbao Technology	60,000,000.00			60,000,000.00		
Wuyuan Ju Fang Yong	280,404,134.35			280,404,134.35		
Hangzhou Ju Fang Yong	176,906,952.42			176,906,952.42		

Shenzhen Technology Center	54,676,764.11			54,676,764.11		
Shenshenbao Investment	50,000,000.00			50,000,000.00		
Total	879,110,475.04			879,110,475.04		

2. Investment for associates and joint venture

In RMB

Company	Opening balance	+,-								Ending balance	Ending balance of impairment provision
		Additional investment	Capital reduction	Investment gains recognized under equity	Other comprehensive income adjustment	Other equity change	Cash dividend or profit announced to issued	Impairment accrual	Other		
I. Joint venture											
II. Associated enterprise											
Shenzhen Shenbao (Liaoyuan) Industrial Co., Ltd.	57,628.53									57,628.53	57,628.53
Shenzhen Shenbao (Xinmin) Food Co., Ltd.	2,870,000.00									2,870,000.00	2,870,000.00
Changzhou Shenbao Chacang E-Business Co., Ltd.											
Subtotal	2,927,628.53									2,927,628.53	2,927,628.53
Total	2,927,628.53									2,927,628.53	2,927,628.53

3. Other explanation

4. Operation income and costs

In RMB

Items	Current Period		Last Period	
	Income	Cost	Income	Cost
Main business	84,220,117.14	43,785,055.08	24,073,018.64	22,911,987.88
Other business	1,260,009.00		1,200,000.00	
Total	85,480,126.14	43,785,055.08	25,273,018.64	22,911,987.88

5. Investment income

In RMB

Items	Current Period	Last Period
Investment income of long-term equity measured by cost		
Investment income of long-term equity measured by equity		
Investment income from disposal of long-term equity		4,452,830.20
Investment gains during holding period from the financial assets measured by fair value and with its changes reckoned into current gains/losses		
Investment gains from disposal of the financial assets measured by fair value and with its changes reckoned into current gains/losses		-480.81
Investment gains during holding period of the investment held-to-maturity		
Investment gains during holding period of the financial assets available for sale		
Investment gains from disposal of financial assets available for sale		
Gains from the residual equity re-measured by fair value after controls loss		
Other	606,734.01	
Total	606,734.01	4,452,349.39

6. Other

XVII. Supplementary information

1. Current non-recurring gains/losses

√ Applicable □ Not applicable

In RMB

Items	Amount	Note
Gains/losses from the disposal of non-current asset	-14,032.21	
Governmental subsidy calculated into current gains and losses(while closely related with the normal business of the Company, excluding the fixed-amount or fixed-proportion governmental subsidy according to the unified national standard)	2,368,991.93	
Gains and losses from change of fair values of held-for-transaction financial assets and financial liabilities except for the effective hedge business related to normal business of the Company, and investment income from disposal of transactional financial assets and liabilities and financial assets available for sale	3,176,115.41	
Other non-operating income and expenditure except for the aforementioned items	3,518,942.34	
Other gains and losses items complying with definition for non-current gains and losses	606,734.01	
Less: Impact on income tax	1,834,392.94	
Impact on minority shareholders' equity (post-tax)	325.44	
Total	7,822,033.10	--

2. Return on equity and earnings per share

Profit during period	Weighted average ROE (%)	Earnings per share	
		Basic earnings per	Diluted earnings per

		share(RMB/Share)	share(RMB/Share)
Net profit attributable to shareholders of ordinary shares of the Company	0.55%	0.0177	0.0177
Net profit attributable to shareholders of ordinary shares of the Company after non-recurring gains/losses deducted	-0.26%	-0.0083	-0.0083

3. Difference of accounting data under CAS and IAS

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

Applicable Not applicable

In RMB

	Net profit		Net assets	
	Current Period	Last Period	Ending balance	Opening balance
By Chinese Accounting Standards	5,317,533.95	-23,382,126.99	976,195,752.88	970,878,218.93
Items and amount adjusted by IAS				
Other adjustment on regulated funds payable in share market			1,067,000.00	1,067,000.00
By International Accounting Standards	5,317,533.95	-23,382,126.99	977,262,752.88	971,945,218.93

4. Other

Section XI. Documents available for Reference

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

1. Text of financial statement with signature and seals of legal person, person in charge of accounting works and person in charge of accounting institution;
2. Original and official copies of all documents which have been disclosed on *Securities Times*, *China Securities Journal*, and *Hong Kong Commercial Daily* in the report period;
3. Original copies of 2015 Semi-Annual Report with signature of the Chairman.

Shenzhen Shenbao Industrial Co., Ltd.

Chairman of Board: Zheng Yuxi

21 August 2015