

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

SEMI-ANNUAL REPORT 2017



August 2017

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.

Chairman of the Company Zheng Yuxi, General Manager Yan Zesong, Chief Financial Officer Wang Zhiping and Financial Management Department Manager Xu Qiming hereby confirm that the Financial Report of Semi-Annual Report 2017 is authentic, accurate and complete.

All Directors are attended the Board Meeting for deliberation of this Report.

Concerning the forward-looking statements with future planning involved in the 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.

The Company has analyzed the risk factors that the Company may exist and its countermeasures in the report, investors are advised to pay attention to read “Risks and Countermeasures” in the report of Section IV-Discussion and Analysis of the Operation.

The Company plans not to distributed cash dividend, bonus and no capitalizing of common reserves either.

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	Wuyuan Ju Fang Yong Tea Industry Co., Ltd.
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.
Yunnan Supply Chain	Refers to	Yunnan Shenbao Pu'er Tea Supply Chain Management Co., Ltd
Fuhaitang Ecological	Refers to	Fuhaitang Tea Ecological Technology Co., Ltd.
Chunshi Network	Refers to	Hangzhou Chunshi Network Technology Co., Ltd.
Ju Fang Yong Commerce	Refers to	Hangzhou Ju Fang Yong Commerce Co., Ltd.
Shenshenbao Tea Culture	Refers to	Shenzhen Shenshenbao Tea Culture Business Management Co., Ltd.
Pu'er Tea Exchange Center	Refers to	Yunnan Pu'er Tea Exchange Center Co., Ltd.
Huizhou Shenbao Food	Refers to	Huizhou Shenbao Food Co., Ltd.
Shenbao Rock Tea	Refers to	Mount Wuyi Shenbao Rock Tea 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
CSRC	Refers to	China Securities Regulation Commission
SSE	Refers to	Shenzhen Stock Exchange
Dahua CPA	Refers to	Dahua Certified Public Accountants (Special General Partnership)
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 and Main Financial Indexes

I. Company profile

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 2016

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 2016

IV. Main accounting data and financial indexes

Whether it has retroactive adjustment or re-statement on previous accounting data

Yes No

	Current period	Same period of last year	Changes over last year
Operating revenue (RMB)	138,158,382.95	149,155,529.71	-7.37%
Net profit attributable to shareholders of the listed Company(RMB)	-17,759,776.83	-15,099,180.63	-17.62%
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses(RMB)	-19,357,560.01	-20,333,457.37	4.80%
Net cash flow arising from operating activities(RMB)	-50,432,648.15	31,597,947.36	-259.61%
Basic earnings per share (RMB/Share)	-0.0357	-0.0304	-17.43%
Diluted earnings per share (RMB/Share)	-0.0357	-0.0304	-17.43%
Weighted average ROE	-1.74%	-1.63%	-0.11%
	End of current period	End of last year	Changes over end of last year
Total assets (RMB)	1,121,549,159.24	1,178,543,725.30	-4.84%
Net assets attributable to shareholder of listed Company(RMB)	991,427,598.24	1,031,768,388.87	-3.91%

V. 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	
	Current period	Last period	Period-end	Period-begin
Chinese GAAP	-17,759,776.83	-15,099,180.63	991,427,598.24	1,031,768,388.87
Items and amount adjusted by IAS				
Adjustment for other payable fund of stock market regulation			1,067,000.00	1,067,000.00
IAS	-17,759,776.83	-15,099,180.63	992,494,598.24	1,032,835,388.87

2. Difference of the net profit and net assets disclosed in financial report, under both foreign accounting rules and Chinese GAAP (Generally Accepted Accounting Principles)

Applicable Not applicable

The Company has no above mentioned condition occurred in the period

3. Explanation on differences of the data under accounting standards in and out of China

Applicable Not applicable

VI. 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)	-21,015.26	
Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)	1,002,062.22	
Profit and loss of assets delegation on others' investment or management	1,252,661.10	
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	-990,762.24	

Other non-operating income and expenditure except for the aforementioned items	370,612.55	
Less: impact on income tax	11,131.51	
Impact on minority shareholders' equity (post-tax)	4,643.68	
Total	1,597,783.18	--

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

Applicable Not applicable

In reporting period, the Company has no particular about items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*

Section III Summary of Company Business

I. Main businesses of the Company in the reporting period

Does the Company need to comply with disclosure requirements of the special industry?

Yes No

The Company focuses on tea industry development, established relatively complete industrial chain involving tea cultivation, purified tea, tea extract, boutique tea sales, tea cultural experience, e-commerce, tea trading platform and tea finance. Its main business comprises tea refining and fine tea sales, tea-life experience, tea e-commerce, food and beverage, research and development. The Company has formed direction of "health technology" based on plant extraction technology, "industrial services" based on core business ranging from tea trading center finance, electronic trading, modern logistics, "life experience" based on core business of Tea bank\Fuhai Tong Fashion- Tea consumption. Main products are "Golden Eagle" instant tea powder, juice ect series; "Jufangyong", "Gutan", "Fuhai Tong" ect series; "Mitsui" oyster sauce, chicken, seafood sauce and other condiments; "Shenbao" chrysanthemum tea, lemon tea, herbal tea and other drinks.

II. Major changes in main assets

1. Major changes in main assets

Major assets	Note of major changes
Equity assets	No major Change
Fixed assets	No major Change
Intangible assets	No major Change
Construction in progress	No major Change
Monetary fund	Decrease of the monetary fund in the period: 1. cash paid for purchasing financing products increased from a year earlier; 2. income tax for last year are paid in the period; 3. major margin received at same period of last year while there are no such amounted occurred in the period; 4. cash bonus paid in the period; and 5. cash received from sales of goods declined.
Other current assets	Increase of other current assets: balance of financing products at period-end increased from a year earlier.

2. Main overseas assets

Applicable Not applicable

III. Core Competitiveness Analysis

Does the Company need to comply with disclosure requirements of the special industry?

Yes No

During the reporting period, core competence wasn't significantly changed. The Company has established relatively complete industrial chain involving tea cultivation, purified tea, tea extract, boutique tea sales, tea cultural experience, e-commerce, tea trading platform and tea finance, forming a good industrial base; relying strong R & D capabilities, leading edge technology, two state-level high-tech enterprises, a quality control system recognized by large international food and beverage companies, the Company brought a group of high-quality large domestic and foreign clients. The Company will continue to innovate institutional mechanisms, innovative ideas, innovative products to enhance synergies and core competitiveness of the tea industry chain.

Section IV Discussion and Analysis of the Operation

I. Introduction

During the reporting period, the company spared no efforts to implement various management measures, strived to consolidate the industrial base and enhance the industrial value, combined with the existing industrial layout and market development trends, initially determined the strategic direction of health industry, and focused on the existing business development planning to adjust and comb the business model, improved the strategic orientation, further promoted the scientific and technological innovation, and vigorously expanded the main business, and enhanced the profitability and core competitiveness of the enterprise.

As the core driving force for the scientific research and industry development, the company's technology center determined the “development of healthy and functional tea and deep processing products” project in the first half of the year, and continued to strengthen the development of application products, put forth efforts to open the production and research and efficiency channels, accelerated the transformation of scientific research achievements, and provided reviving function for the development of industrial chain, in the first half of 2017, it totally researched and developed 21 new tea products which were approved by the customer, and completed the applications for 8 government projects. All business sectors developed smoothly, the deep processing division spared no efforts to expand export business and orders were basically stable, and achieved outstanding results in reducing consumption and increasing efficiency, optimizing supply chain and strictly controlling costs; Hangzhou Ju Fang Yong continued to expand commercial channels and innovate products, took Longjing tea and small gift business as channels for brand interaction and cooperation with outstanding platforms and resources in the industry by “offline store drainage and online precipitation” so as to promote the brand awareness and gradually increase the performance; In April 2017, Hangzhou Ju Fang Yong set up Hangzhou Fu Hai Tang Restaurant Management Co., Ltd. to operate the fast drink business of Fu Hai Tang, increased the species richness and diversification of store products by developing light food and fruit tea products, increase the units per transaction, promoted the performance enhancing, and tried out to open the chain system to expand customers at the same time, and has consulted and completed the cooperation matters with some customers at present; In July 2017, Teabank became the company's wholly-owned brand after confirming the stock right assigning, and the business model of Shenbao Teabank has preliminarily established. During the reporting period, the company continued to integrate resources for various industrial service platforms and broaden the enterprise's sustainable development space, at present, it has completed the integration of all e-commerce platforms of Shenbao, gathered and centralized the scattered network flow of all business sectors by online exhibition sales and marketing of tea and derivatives, and promoted the value conversion. In the first half of the year, the company initially completed the brand integration work, set up Shenbao Teabank for the collection and operating of fine tea business, the relevant work at earlier stage has been completed at present, and the company has implemented the product development and production plan of the first batch of retail tea for external sales.

In the first half of 2017, the company achieved total operating income of RMB 138,158,382.95, a decrease of

7.37% over the same period last year; achieved operating profits of RMB -21,509,006.38, an increase of 16.66% over the same period last year; and achieved net profits attributable to shareholders of listed companies of RMB -17,759,776.83, a decrease of 17.62% over the same period last year. The main reasons for the changes in net profits attributable to shareholders of listed companies were that the operating income in the current period decreased compared with the same period of last year, the company received settlement payment in the same period of last year but didn't in the current period, and the non-operating income decreased compared with the same period of last year.

II. Main business analysis

See the “I-Introduction” in “Discussion and Analysis of the Operation”

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	138,158,382.95	149,155,529.71	-7.37%	
Operation cost	104,400,839.32	116,893,235.04	-10.69%	
Sales expenses	21,174,407.31	20,601,283.18	2.78%	
Management expenses	33,082,783.76	34,369,699.17	-3.74%	
Financial expenses	-1,533,397.02	213,297.58	-818.90%	Interest revenue in the Period increased from a year earlier
Income tax expense	36,586.58	-501,745.09	107.29%	
R&D investment	1,162,154.46	1,442,268.22	-19.42%	
Net cash flow arising from operation activities	-50,432,648.15	31,597,947.36	-259.61%	Reasons for declined: 1. cash received from good sales declined; 2. received major margins at same period of last year while no such amount occurred in the period; and 3. income tax for last year are paid in this period
Net cash flow arising from investment activities	-84,671,733.66	-33,549,430.36	-152.38%	Cash paid for purchasing financial products increased over that of last year
Net cash flow arising from financing activities	-17,904,646.76	-790,774.97	-2,164.19%	Cash dividend paid in the period
Net increase of cash and cash equivalent	-153,076,370.04	-2,614,834.69	-5,754.15%	
Monetary fund	205,487,872.79	358,564,242.83	-42.69%	Decrease of the monetary fund in the period:

				1. cash paid for purchasing financing products increased from a year earlier; 2. income tax for last year are paid in the period; 3. major margin received at same period of last year while there are no such amount occurred in the period; 4. cash bonus paid in the period; and 5. cash received from sales of goods declined.
Transactional financial assets	2,260,176.36	3,250,938.60	-30.48%	Price of the stock held by the Company drops
Account paid in advance	14,278,408.17	6,321,827.64	125.86%	Inventory purchasing increased in the period
Other current assets	91,856,403.28	11,299,954.58	712.89%	Increase of other current assets: balance of financing products at period-end increased from a year earlier.
Short-term loans	10,000,000.00	5,000,000.00	100.00%	New loans in the period
Account payable	22,645,209.79	15,782,288.29	43.48%	Purchasing of the raw materials in the period increased
Wages payable	9,383,764.84	16,279,706.84	-42.36%	Performance-related pay for last year are distributed in this period
Taxes payable	5,242,645.48	26,345,138.53	-80.10%	Final settlement and payment of enterprise income taxes in this period
Retained profit	72,736,795.31	158,239,612.94	-54.03%	Bonus shares and dividend are paid to the shareholders in this period
Investment income	1,093,417.06	-898,654.15	221.67%	Associated company has deficit in this period
Non-operational revenue	1,024,229.54	6,218,417.29	-83.53%	Received a compensation at same period of last year while no such account occurred in this 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

Composition of main business

In RMB

	Operating revenue	Operating cost	Gross profit ratio	Increase or decrease of operating revenue over same period	Increase or decrease of operating cost over same period	Increase or decrease of gross profit ratio over same period of

				of last year	of last year	last year
According to industries						
Industry	121,219,608.71	96,382,162.58	20.49%	-14.57%	-16.35%	1.69%
Trading	13,664,854.16	6,571,143.93	51.91%	308.63%	315.41%	-0.79%
According to products						
Soft drink	15,227,181.14	10,502,335.78	31.03%	25.90%	5.98%	12.96%
Tea products	116,212,886.82	90,319,654.20	22.28%	-9.72%	-13.28%	3.19%
According to region						
Exportation	7,027,084.57	4,869,073.53	30.71%	-21.25%	-26.58%	5.04%
South China	32,299,897.84	23,237,196.36	28.06%	-31.72%	-28.84%	-2.91%
East China	67,445,554.63	50,063,223.58	25.77%	-2.97%	-15.81%	11.32%
Central China	11,676,328.24	9,490,593.18	18.72%	21.67%	20.71%	0.65%

III. Analysis of the non-main business

Applicable Not applicable

IV. Assets and liability

1. Major changes of assets composition

In RMB

	End of current period		End of period of last year		Ratio changes	Notes of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary fund	205,487,872.79	18.32%	358,564,242.83	30.42%	-12.10%	Decrease of the monetary fund in the period: 1. cash paid for purchasing financing products increased from a year earlier; 2. income tax for last year are paid in the period; 3. major margin received at same period of last year while there are no such amount occurred in the period; 4. cash bonus paid in the period; and 5. cash received from sales of goods declined.
Account	72,042,632.44	6.42%	62,582,867.63	5.31%	1.11%	

receivable						
Inventory	149,475,307.29	13.33%	140,951,059.39	11.96%	1.37%	
Investment property	18,637,070.20	1.66%	18,872,865.36	1.60%	0.06%	
Long-term equity investment	5,707,237.59	0.51%	5,866,481.63	0.50%	0.01%	
Fix assets	323,793,293.30	28.87%	333,013,767.86	28.26%	0.61%	
Construction in process	54,574.34	0.00%	54,574.34	0.00%	0.00%	
Short-term loans	10,000,000.00	0.89%	5,000,000.00	0.42%	0.47%	

2. Assets and liability measured by fair value

Applicable Not applicable

In RMB

Items	Amount at the beginning period	Changes of fair value gains/losses in this period	Accumulative changes of fair value reckoned into equity	Devaluation of withdrawing in the period	Amount of purchase in the period	Amount of sale in the period	Amount in the end of period
Financial assets							
1. Financial assets measured by fair value and whose change is recorded in current gains and losses (excluding derivative financial assets)	3,250,938.60	-990,762.24	1,179,110.27				2,260,176.36
Aforementioned total	3,250,938.60	-990,762.24	1,179,110.27				2,260,176.36
Financial liabilities	0.00						0.00

Whether there have major changes on measurement attributes for main assets of the Company in report period or not

Yes No

3. The assets rights restricted till end of the period

Nil

V. Investment analysis

1. Overall situation

Applicable Not applicable

Investment in reporting period (Yuan)	Investment in the same period of last year (Yuan)	Range
5,500,000.00	6,375,000.00	-13.73%

2. The major equity investment obtained in the reporting period

Applicable Not applicable

3. The major non-equity investment carrying in the reporting period

Applicable Not applicable

4. Financial assets investment

(1) Securities investment

Applicable Not applicable

Variety of securities	Code of securities	Short form of securities	Initial investment cost	Accounting measurement model	Book value at the beginning of the period	Changes in fair value of the current profit and loss	Cumulative fair value changes in equity	Current purchase amount	Current sales amount	Profit and loss in the Reporting Period	Book value at the end of the period	Accounting subject	Capital Source
Domestic and overseas stock	000017	CBC-A	--	Measured by fair value	3,250,938.60	-990,762.24	1,179,110.27	0.00	0.00	-990,762.24	2,260,176.36	Transactional financial assets	Shares repaid from debt reorganization

Total	--	--	3,250,938.6 0	-990,762.2 4	1,179,110.2 7	0.00	0.00	-990,762.2 4	2,260,176.3 6	--	--
Disclosure date of securities investment approval of the Board	Not applicable										
Disclosure date of securities investment approval of the Shareholder Meeting (if applicable)	Not applicable										

(2) Derivative investment

Applicable Not applicable

The Company has no derivatives investment in the Period

VI. Sales of major assets and equity

1. Sales of major assets

Applicable Not applicable

The Company had no sales of major assets in the reporting period.

2. Sales of major equity

Applicable Not applicable

VII. Analysis of main holding Company and stock-jointly companies

Applicable Not applicable

Particular about main subsidiaries and stock-jointly companies net profit over 10%

In RMB

Company name	Type	Main business	Industry	Register capital	Total assets	Net Assets	Operating revenue	Operating profit	Net profit
Shenshenbao Investment	Subsidiary	Investment management	Comprehensive	50,000,000.00	36,998,930.33	26,622,668.95	3,052,329.52	-5,113,614.15	-5,103,523.76
Hangzhou Ju Fang Yong	Subsidiary	Production, wholesale and retail business	Comprehensive	175,000,000.00	215,811,936.19	172,868,023.66	18,205,800.03	-3,407,994.18	-3,078,384.14
Pu'er Tea Exchange Center	Subsidiary	Providing service for tea trading	Comprehensive	50,000,000.00	49,833,620.07	44,872,486.35	556,614.78	-2,089,534.90	-2,089,534.90

Particular about subsidiaries obtained or disposed in report period

Applicable Not applicable

Explanation on main holding/stock-jointly enterprise

1. Shenzhen Shenshenbao Investment Co., Ltd., the company's wholly-owned subsidiary, business scope: investing and developing enterprises (declare specific items separately); exchange, promotion and consultation services of tea knowledge and tea culture, tea art training; marketing of tea set, tea table, and root carving; online trade, domestic trade (excluding monopoly and special control products); operating import and export business (excluding restricted items), with registered capital of RMB 50,000,000. Up to the end of the reporting period, the total assets of Shenshenbao Investment amounted to RMB 36,998,930.33, the net assets were RMB 26,622,668.95, and the equity attributable to shareholders of the parent company was RMB 31,286,738.96. During the reporting period, the operating income was RMB 3,052,329.52, net profit was RMB -5,103,523.76, and the net profit attributable to the parent company was RMB -3,474,202.65.

2. Hangzhou Ju Fang Yong Holding Co., Ltd., a wholly owned subsidiary. Business scope: sell both retail and wholesale: wholesale, retail of the prepackaged food and bulk food (pre-approval items should be operated within validity period): tea set; acquisitions: tea business sales required (limited to the acquisition of the original producer of primary industry directly); Services: Tea business investment and asset management, technology development, cultivation, breeding, technical consulting, technical services, transfer of results, the other all legitimate projects without approval, subsidiaries' business scope included. Register capital was RMB 175 million. Ended as this period-end, the total assets of Ju Fang Yong is RMB 215,811,936.19, and net assets amounting to RMB172,868,023.66, interest attributable to shareholders of parent Company is RMB173,243,655.13; in the reporting period, Ju Fang Yong realized operation income, net profit and net profit

attributable to parent Company as RMB 18,205,800.03, RMB-3,078,384.14 and RMB -2,830,739.34 respectively.

3. Yunnan Pu'er Tea Exchange Center Co., Ltd., the company's holding subsidiary, business scope: providing places, facilities and intermediaries, brokers, auctions, finance, and advisory services for spot transactions and related financial services of tea and its agricultural and sideline products, industrial raw materials bulk commodity, etc; other relevant project investment and management; meetings and exhibition services (projects need to be approved according to law, operating activities can only be carried out after being approved by relevant departments), with registered capital of RMB 50,000,000. Up to the end of the reporting period, the total assets of Pu'er Tea Exchange amounted to RMB 49,833,620.07, the net assets were RMB 44,872,486.35, and the equity attributable to shareholders of parent company was RMB 44,872,486.35; during the reporting period, the operating income was RMB 556,614.78, net profit was RMB -2,089,534.90, and the net profit attributable to the parent company was RMB -2,089,534.90.

VIII. Structured vehicle controlled by the Company

Applicable Not applicable

IX. Prediction of business performance from January – September 2017

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

X. Risks and countermeasures

1. In recent years, the domestic beverage market growth has continued to slow down, subject to the decline in customer market, increase in the company's costs, and intensifying industrial competition and other reasons, the profits have slightly decreased; the company's business sectors in the market just cut a striking figure, the recognition is limited, and the expected return has been relatively slow. In the second half of 2017, the company will increase the efforts to upgrading of existing products, speed up the establishment of product databases, continue to adjust the product structure, product type, sales channels, and strive to improve the earnings.

2. The business structure transformation and upgrading face challenges, the enterprise operating costs continue to increase, the profit margins are squeezed, and the scale profit margins need to be improved. In the second half of 2017, the company will continue to enhance the core strength of scientific research, promote the

product upgrading and innovation to enhance market competitiveness, and increase the overall profit margins.

3. In recent years, "internet +", sharing economy, and experience economy have risen, the development environment and consumer trends have been changing, the company's business structure and talent structure have been relatively single, the team construction has lagged behind and talent team has lacked, resulting in insufficient innovation ability and strain capacity when the company facing competition of new areas in the new business cultivation, which increased the cycle and costs of business transformation. In the second half of 2017, the company will continue to introduce foreign professionals, cultivate internal directed talents, strengthen the talent echelon construction, break through the upward development channels for staff, create career development opportunities, and complete the company's employer brand building at the same time, and strengthen corporate culture propaganda.

Section V. Important Events

I. Annual General Meeting and extraordinary shareholders general meeting held in this period

1. AGM in the period

Sessions	Type	Investor participation (%)	Opening date	Disclosure date	Disclosure index
AGM of 2016	Annual general meeting	0.03%	2017-05-15	2017-05-16	Resolution Notice of AGM 2016 of Shenzhen Shenbao Industrial Co., Ltd. (Notice No.: 2017-13) released on Juchao website dated 16 May 2017

2. Request for extraordinary general meeting by preferred stockholders whose voting rights restore

Applicable Not applicable

II. Profit distribution plan and capitalizing of common reserves plan for the Period

Applicable Not applicable

The Company plans not to carried out distribution of cash dividend, bonus shares and share converted from capital reserve either for the half year

III. Commitments completed in Period and those without completed till end of the Period from actual controller, shareholders, related parties, purchaser and companies etc.

Applicable Not applicable

There are no commitments completed in Period and those without completed till end of the Period from actual controller, shareholders, related parties, purchaser and companies etc.

IV. Appointment and non-reappointment (dismissal) of CPA

Whether the financial report has been audited or not

Yes No

The financial report has not been audited

V. Explanation from Board of Directors and Supervisory Committee for “Qualified Opinion” that issued by CPA

Applicable Not applicable

VI. Explanation from the BOD for “Qualified Opinion” of last year

Applicable Not applicable

VII. Bankruptcy reorganization

Applicable Not applicable

No bankruptcy reorganization for the Company in end of this period

VIII. Lawsuits

Significant lawsuits and arbitrations

Applicable Not applicable

No significant lawsuits and arbitrations occurred in the reporting period

Other lawsuits

Applicable Not applicable

Lawsuits (arbitrations)	Amount involved (in 10 thousand Yuan)	Resulted an accrual liability (Y/N)	Progress	Trial result and influence	Execution of judgment	Disclosure date	Disclosure index
Shenzhen Shenbao Industrial Co., Ltd. (hereinafter referred to as “Shenbao Company”) received the Civil Complaint from Shenzhen Agricultural Products Financing Guarantee Co., Ltd. (hereinafter referred to as “Guarantee Company”) in July 2016, Case No.: (2016)Y0304MC15008, required Changzhou Shenbao Tea Warehousing E-commerce Co., Ltd., a shareholding enterprise of Shenbao Company, to repay the loan principal and interest, penalty	500	N	In second instance procedure without trial yet	The first instance judgment has been issued, the court ruled to reject the appeal of Guarantee Company that Shenbao Company should undertake joint liability	The verdict has not yet come into effect	-	-

<p>interest and compensation, with a total of RMB 8,690,240.31, the shareholder Shenbao Company undertook joint liability for the (loan principal) borrowings of RMB 5,000,000.00.</p> <p>After holding a hearing, Shenbao Company received the written judgment of first instance in June 2017, the court ruled to reject the appeal of Guarantee Company that Shenbao Company should undertake joint liability. Guarantee Company refused to accept the judgment of the first instance and appealed to Shenzhen Intermediate People's Court, and it is now in the second instance, but not yet holds a court.</p>						
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IX. Penalty and rectification

Applicable Not applicable

No penalty and rectification for the Company in reporting period.

X. Integrity of the Company and its controlling shareholders and actual controllers

Applicable Not applicable

During the reporting period, the Company and its controlling shareholder, actual controller always obeyed final judgment in the court case, relatively large amount of debt overdue and other non-compliance.

XI. Implementation of the Company's stock incentive plan, employee stock ownership plan or other employee incentives

Applicable Not applicable

During the reporting period, the Company has no stock incentive plan, employee stock ownership plan or other employee incentives that have not been implemented.

XII. Major related transaction

1. Related transaction with routine operation concerned

Applicable Not applicable

No related transaction occurred in the period with routine operation concerned

2. Assets or equity acquisition, and sales of assets and equity

Applicable Not applicable

No related transaction concerning the assets or equity acquisition and sold at period-end

3. Related transaction of foreign investment

Applicable Not applicable

No related transaction of foreign investment occurred at period-end

4. Related credits and liabilities

Applicable Not applicable

No related credits and liabilities occurred in period

5. Other major related transaction

Applicable Not applicable

No other major related transaction in the Period

XIII. Non-operational fund occupation from controlling shareholders and its related party

Applicable Not applicable

No non-operational fund occupation from controlling shareholders and its related party in period.

XIV. Significant contract and implementations

1. Trusteeship, contract and leasing

(1) Trusteeship

Applicable Not applicable

No trusteeship for the Company in reporting period

(2) Contract

Applicable Not applicable

No contract for the Company in reporting period

(3) Leasing

Applicable Not applicable

No leasing in the Period

2. Major Guarantee

Applicable Not applicable

(1) Guarantee

In 10 thousand Yuan

External Guarantee (not including guarantees to subsidiaries)								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party
Guarantee between the Company and 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 or not	Guarantee for related party
Shenzhen Shenbao Huacheng Science and Technology Co.,Ltd	2016-04-26	3,000	2016-07-26	3,000	Joint liability guaranty	1 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)		3,000	
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 between the subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party
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+C3)		3,000	
Total amount of approved guarantee at the end of report period (A3+B3+C2)				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								3.03%

net assets of the Company(that is A4+ B4+C4)	
Including:	
Amount of guarantee for shareholders, actual controller and its related parties(D)	0
The debts guarantee amount provided for the guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly(E)	0
Proportion of total amount of guarantee in net assets of the Company exceed 50%(F)	0
Total amount of the aforesaid three guarantees(D+E+F)	0
Explanations on possibly bearing joint and several liquidating responsibilities for undue guarantees (if applicable)	Not applicable
Explanations on external guarantee against regulated procedures (if applicable)	Not applicable

Explanation on compound guarantee

N/A

(2) Illegal external guarantee

Applicable Not applicable

No illegal external guarantee in the period

3. Other material contracts

Applicable Not applicable

No other material contracts for the Company in reporting period

XV. Social responsibility

1. Execution of social responsibility of targeted poverty alleviation

The Company has no targeted poverty alleviation in the period and no follow-up poverty alleviation plan either temporary

2. Major environment protection

The listed Company and its subsidiary whether belongs to the key sewage units released from environmental protection department

Y N

XVI. Other major events

Applicable Not applicable

There are n other major events need to explain in the period

XVII. Major event of the subsidiaries

Applicable Not applicable

Section VI. Changes in Shares and Particulars about Shareholders

I. Changes in Shares

1. Changes in shares

In Share

	Before the Change		Increase/Decrease in the Change (+, -)					After the Change	
	A mount	Proportion	New shares issued	Bonus shares	Capitalization of public reserve	Others	Subtotal	A mount	Proportion
I. Restricted shares	26,425,861	5.85%		2,642,584			2,642,584	29,068,445	5.85%
1. State-owned shares	0	0.00%		0			0	0	0.00%
2. State-owned corporate shares	12,210,713	2.70%		1,221,071			1,221,071	13,431,784	2.70%
3. Other domestic shares	14,166,661	3.14%		1,416,664			1,416,664	15,583,325	3.14%
Including: Domestic legal person's shares	13,986,211	3.10%		1,398,621			1,398,621	15,384,832	3.10%
Domestic nature person's shares	180,450	0.04%		18,043			18,043	198,493	0.04%
4. Foreign shares	48,487	0.01%		4,849			4,849	53,336	0.01%
Including: Foreign corporate shares	0	0.00%		0			0	0	0.00%
overseas nature person's share	48,487	0.01%		4,849			4,849	53,336	0.01%
II. Un-restricted shares	425,194,415	94.15%		42,519,443			42,519,443	467,713,858	94.15%
1. RMB common shares	378,149,615	83.73%		37,814,963			37,814,963	415,964,578	83.73%
2. Domestically listed foreign shares	47,044,800	10.42%		4,704,480			4,704,480	51,749,280	10.42%
3. Foreign listed foreign shares	0	0.00%		0			0	0	0.00%
4. Other	0	0.00%		0			0	0	0.00%
III. Total shares	451,620,276	100.00%		45,162,027			45,162,027	496,782,303	100.00%

Reasons for share changed

√ Applicable □ Not applicable

In June 2017, the Company implemente an equity allocation scheme for year fo 2016, based on total share capital 451,620,276 shares of the Company dated 31 December 2016, distributed 0.50 Yuan (tax included) in cash for each 10 shares held by shareholders, and 1 share for bonus (tax included), no capitalizing from common reserves. Found more in the Notice released on juchao website (www.cninfo.com.cn) dated 22 June 2017.

Approval of share changed

Applicable Not applicable

The equity allocation scheme for year of 2016 was deliberated and approved by 9th session of 9th BOD held on 21 April 2017 and AGM of 2016 held on 15 May 2017

Ownership transfer of share changed

Applicable Not applicable

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

Applicable Not applicable

In reporting period, after equity allocate for year of 2016, the basic EPS for 2016 and fist half year of 2017, based on new share capital 496,782,303 shares, counted as 0.1945 Yuan/Share and -0.0357 Yuan/Share respectively; net assets value per share counted as 2.08 Yuan/Share and v Yuan/Share respectively

Other information necessary to disclose or need to disclosed under requirement from security regulators

Applicable Not applicable

2. Changes of restricted shares

Applicable Not applicable

In Share

Shareholders' name	Number of shares restricted at Period-begin	Number of shares released in the Year	Number of new shares restricted in the Year	Number of shares restricted at Period-end	Restriction reasons	Released date
Zheng Yuxi	45,000	0	4,500	49,500	Executives locked shares	Shares unlock every year takes 25% of the total shares holding
Lin Hong	28,125	0	2,812	30,937	Executives locked shares	Shares unlock every year takes 25% of the total shares holding
Yan Zesong	48,487	0	4,849	53,336	Executives locked shares	Shares unlock every year takes 25% of the total shares holding
Li Fang	27,113	0	2,711	29,824	Executives locked shares	Shares unlock every year takes 25% of the total shares holding
Li Yiyan	28,125	0	2,812	30,937	Executives locked shares	Shares unlock every year takes 25% of the total shares holding

Yao Xiaopeng	30,262	0	3,026	33,288	Executives locked shares	Shares unlock every year takes 25% of the total shares holding
Wang Zhiping	19,125	0	1,912	21,037	Executives locked shares	Shares unlock every year takes 25% of the total shares holding
Fan Zhiqing	2,700	0	270	2,970	Executives locked shares	Shares unlock every year takes 25% of the total shares holding
Total	228,937	0	22,892	251,829	--	--

II. Securities issuance and listing

Applicable Not applicable

III. Amount of shareholders and particulars about shares holding

In Share

Total common stock shareholders in reporting period-end			76,987	Total preference shareholders with voting rights recovered at end of reporting period (if applicable) (found in note8)			0	
Particulars about shares held above 5% by common shareholders or top ten common shareholders								
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Total common shares hold at the end of report period	Changes in report period	Amount of restricted common shares held	Amount of un-restricted common shares held	Number of share pledged/frozen	
							State of share	Amount
Shenzhen Agricultural Products Co., Ltd	Other	19.09%	94,832,294	8,621,118	15,384,832	79,447,462		
Shenzhen Investment Holding Co., Ltd	State-owned legal person	16.00%	79,484,302	7,225,845	13,431,784	66,052,518		
Sun Huiming	Domestic nature person	0.69%	3,403,262	139,487	0	3,403,262		
Xiamen International Trust Co., Ltd. – Xinjin No.7 Security Investment Trust Fund Plan	Other	0.37%	1,831,291	1,831,291	0	1,831,291		
Hu Xiangzhu	Domestic nature person	0.35%	1,760,000	1,509,850	0	1,760,000		

Central Huijin Asset Management Co., Ltd.	State-owned legal person	0.30%	1,472,625	133,875	0	1,472,625		
Li Qian	Domestic nature person	0.29%	1,432,378	80,076	0	1,432,378		
Zhang Yue	Domestic nature person	0.28%	1,390,807	1,390,807	0	1,390,807		
Xu Yanhui	Domestic nature person	0.22%	1,072,500	97,500	0	1,072,500		
Ye Xiuxia	Domestic nature person	0.20%	1,000,230	140,230	0	1,000,230		
Strategy investors or general corporation comes top 10 common shareholders due to rights issue (if applicable) (see note 3)	N/A							
Explanation on associated relationship among the aforesaid shareholders	Shenzhen SASAC directly holds 28.76% equity interests of Agricultural Products, indirectly holds 5.24% equity interests of Agricultural Products and directly holds 100% equity interests of Shenzhen Investment Holding; 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' name	Amount of un-restrict common shares held at Period-end	Type of shares						
		Type	Amount					
Shenzhen Agricultural Products Co., Ltd	79,447,462	RMB common shares	79,447,462					
Shenzhen Investment Holding Co., Ltd	66,052,518	RMB common shares	66,052,518					
Sun Huiming	3,403,262	Domestically listed foreign shares	3,403,262					
Xiamen International Trust Co., Ltd. – Xinjin No.7 Security Investment Trust Fund Plan	1,831,291	RMB common shares	1,831,291					
Hu Xiangzhu	1,760,000	RMB common shares	1,760,000					
Central Huijin Asset Management Co., Ltd.	1,472,625	RMB common shares	1,472,625					
Li Qian	1,432,378	RMB common	1,432,378					

		shares	
Zhang Yue	1,390,807	RMB common shares	1,390,807
Xu Yanhui	1,072,500	RMB common shares	1,072,500
Ye Xiuxia	1,000,230	RMB common shares	1,000,230
Expiation on associated relationship or consistent actors within the top 10 un-restrict shareholders and between top 10 un-restrict shareholders and top 10 shareholders	Shenzhen SASAC directly holds 28.76% equity interests of Agricultural Products, indirectly holds 5.24% equity interests of Agricultural Products and directly holds 100% equity interests of Shenzhen Investment Holding; the Company was not aware of any related relationship between other shareholders above, and whether they belonged to parties acting in concert as defined by the Acquisition Management Method of Listed Company.		
Explanation on top 10 shareholders involving margin business (if applicable) (see note 4)	N/A		

Whether top ten common stock shareholders or top ten common stock shareholders with un-restrict shares held have a buy-back agreement dealing in reporting period

Yes No

The top ten common stock shareholders or top ten common stock shareholders with un-restrict shares held of the Company have no buy-back agreement dealing in reporting period.

IV. Change of controlling shareholder or actual controller

Changes of controlling shareholders in reporting period

Applicable Not applicable

The Company had no changes of controlling shareholders in reporting period

Changes of actual controller in reporting period

Applicable Not applicable

The Company had no changes of actual controller in reporting period

Section VII. Preferred Stock

Applicable Not applicable

The Company had no preferred stock in the Period.

Section VIII. Particulars about Directors, Supervisor and Senior Executives

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

√Applicable □ Not applicable

Name	Title	Post-holding status	Shares held at period-begin (Share)	Increasing shares held in this period (Share)	Decreasing shares held in this period (Share)	Shares held at period-end(Share)	Number of restricted shares granted at period-begin (share)	Number of restricted shares granted in this period (share)	Number of restricted shares granted at period-end (share)
Zheng Yuxi	Party Secretary, Chairman	Currently in office	60,000	6,000	0	66,000	0	0	0
Fan Zhiqing	Independent director	Currently in office	3,600	360	0	3,960	0	0	0
Yan Zesong	Director, GM	Currently in office	64,649	6,465	0	71,114	0	0	0
Li Yiyan	Director, Deputy GM, Secretary of the Board	Currently in office	37,500	3,750	0	41,250	0	0	0
Lin Hong	Chairman of supervisory committee	Currently in office	37,500	3,750	0	41,250	0	0	0
Li Fang	Deputy party secretary, SCID, Deputy GM	Currently in office	36,151	3,615	0	39,766	0	0	0
Yao Xiaopeng	Deputy GM	Currently in office	40,350	4,035	0	44,385	0	0	0
Wang Zhiping	CFO	Currently in office	25,500	2,550	0	28,050	0	0	0
Total	--	--	305,250	30,525	0	335,775	0	0	0

*Shares held by directors, supervisors and senior executives changed mainly due to the implementation of equity allocation plan for year of 2016 in this period

II. Changes of directors, supervisors and senior executives

Applicable Not applicable

Directors, supervisors and senior executives of the Company has no changed in the period, found more in Annual Report 2016

Section IX Corporate Bonds

Whether the Company has a corporation bonds that issuance publicly and listed on stock exchange and without due on the date when semi-annual report approved for released or fail to cash in full on due

Y N

Section X. 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.

2017-06-30

In RMB

Items	Ending balance	Opening balance
Current assets:		
Monetary fund	205,487,872.79	358,564,242.83
Settlement provisions		
Capital lent		
Financial assets measured by fair value and with variation reckoned into current gains/losses	2,260,176.36	3,250,938.60
Derivative financial assets		
Notes receivable		
Account receivable	72,042,632.44	62,582,867.63
Account paid in advance	14,278,408.17	6,321,827.64
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Interest receivable		
Dividends receivable		
Other receivables	26,491,781.90	22,643,449.94

Purchase restituted finance asset		
Inventory	149,475,307.29	140,951,059.39
Divided into assets held for sale		
Non-current assets due within one year		
Other current assets	91,856,403.28	11,299,954.58
Total current assets	561,892,582.23	605,614,340.61
Non-current assets:		
Loans and payments on behalf		
Available-for-sale financial assets	57,500.00	57,500.00
Held-to-maturity investments		
Long-term receivables		
Long-term equity investment	5,707,237.59	5,866,481.63
Investment property	18,637,070.20	18,872,865.36
Fix assets	323,793,293.30	333,013,767.86
Construction in process	54,574.34	54,574.34
Project materials		
Disposal of fixed assets		
Productive biological assets	421,617.46	426,463.64
Oil and natural gas assets		
Intangible assets	192,152,459.54	195,678,353.58
Research and development costs	1,162,154.46	
Goodwill	673,940.32	673,940.32
Long-term deferred expenses	11,972,290.55	13,312,189.59
Deferred income tax assets	5,024,439.25	4,973,248.37
Other non-current assets		
Total non-current assets	559,656,577.01	572,929,384.69
Total assets	1,121,549,159.24	1,178,543,725.30
Current liabilities:		
Short-term loans	10,000,000.00	5,000,000.00
Loan from central bank		
Absorbing deposit and interbank deposit		
Capital borrowed		
Financial liability measured by fair		

value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes payable		
Accounts payable	22,645,209.79	15,782,288.29
Accounts received in advance	3,722,669.37	2,379,824.13
Selling financial asset of repurchase		
Commission charge and commission payable		
Wage payable	9,383,764.84	16,279,706.84
Taxes payable	5,242,645.48	26,345,138.53
Interest payable		
Dividend payable	2,909,182.74	2,909,182.74
Other accounts payable	47,944,982.29	46,119,690.25
Reinsurance payables		
Insurance contract reserve		
Security trading of agency		
Security sales of agency		
Divided into liability held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	101,848,454.51	114,815,830.78
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		
Accrual liabilities		
Deferred income	11,752,035.29	12,335,552.15

Deferred income tax liabilities	1,368,153.83	1,653,779.51
Other non-current liabilities		
Total non-current liabilities	13,120,189.12	13,989,331.66
Total liabilities	114,968,643.63	128,805,162.44
Owners' equity:		
Share capital	496,782,303.00	451,620,276.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital reserve	367,172,017.79	367,172,017.79
Less: Inventory shares		
Other comprehensive income		
Reasonable reserve		
Surplus reserve	54,736,482.14	54,736,482.14
Provision of general risk		
Retained profit	72,736,795.31	158,239,612.94
Total owners' equity attributable to parent company	991,427,598.24	1,031,768,388.87
Minority interests	15,152,917.37	17,970,173.99
Total owners' equity	1,006,580,515.61	1,049,738,562.86
Total liabilities and owner's equity	1,121,549,159.24	1,178,543,725.30

Legal Representative: Zheng Yuxi

Person in charge of accounting works: Wang Zhiping

Person in charge of accounting institute: Xu Qiming

2. Balance Sheet of Parent Company

Prepared by Shenzhen Shenbao Industrial Co., Ltd.

2017-06-30

In RMB

Items	Ending balance	Opening balance
Current assets:		
Monetary fund	194,464,298.57	305,477,853.97

Financial assets measured by fair value and with variation reckoned into current gains/losses	2,260,176.36	3,250,938.60
Derivative financial assets		
Notes receivable		
Account receivable	26,791,498.16	40,123,423.12
Account paid in advance		
Interest receivable		
Dividends receivable		
Other receivables	224,226,099.33	212,821,890.56
Inventory	7,371,538.85	7,784,904.36
Divided into assets held for sale		
Non-current assets due within one year		
Other current assets	90,001,308.37	9,895,236.82
Total current assets	545,114,919.64	579,354,247.43
Non-current assets:		
Available-for-sale financial assets		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investment	921,964,954.57	916,622,212.24
Investment property	18,637,070.20	18,872,865.36
Fix assets	33,117,013.12	33,686,897.31
Construction in process		
Project materials		
Disposal of fixed assets		
Productive biological assets	421,617.46	426,463.64
Oil and natural gas assets		
Intangible assets	7,454,875.72	7,742,703.23
Research and development costs		
Goodwill		
Long-term deferred expenses	730,194.84	837,768.34
Deferred income tax assets	3,339,641.09	3,288,450.21
Other non-current assets		
Total non-current assets	985,665,367.00	981,477,360.33

Total assets	1,530,780,286.64	1,560,831,607.76
Current liabilities:		
Short-term loans	10,000,000.00	5,000,000.00
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes payable		
Accounts payable	36,651,251.29	47,165,259.53
Accounts received in advance	31,539.00	495,004.08
Wage payable	3,768,185.23	9,641,601.54
Taxes payable	2,712,081.31	15,711,497.39
Interest payable		
Dividend payable	2,909,182.74	2,909,182.74
Other accounts payable	330,829,346.65	306,770,480.94
Divided into liability held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	386,901,586.22	387,693,026.22
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		
Accrual liabilities		
Deferred income	47,793.88	48,348.52
Deferred income tax liabilities	294,777.57	542,468.13
Other non-current liabilities		
Total non-current liabilities	342,571.45	590,816.65
Total liabilities	387,244,157.67	388,283,842.87

Owners' equity:		
Share capital	496,782,303.00	451,620,276.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital reserve	382,444,482.45	382,444,482.45
Less: Inventory shares		
Other comprehensive income		
Reasonable reserve		
Surplus reserve	54,736,482.14	54,736,482.14
Retained profit	209,572,861.38	283,746,524.30
Total owners' equity	1,143,536,128.97	1,172,547,764.89
Total liabilities and owner's equity	1,530,780,286.64	1,560,831,607.76

Legal Representative: Zheng Yuxi

Person in charge of accounting works: Wang Zhiping

Person in charge of accounting institute: Xu Qiming

3. Consolidated Profit Statement

Prepared by Shenzhen Shenbao Industrial Co., Ltd.

Semi-annual 2017

In RMB

Item	Amount in this period	Amount in last period
I. Total operating income	138,158,382.95	149,155,529.71
Including: Operating income	138,158,382.95	149,155,529.71
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	159,770,044.15	173,217,380.85
Including: Operating cost	104,400,839.32	116,893,235.04
Interest expense		
Commission charge and		

commission expense		
Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		
Reinsurance expense		
Operating tax and extras	2,454,733.49	945,881.40
Sales expenses	21,174,407.31	20,601,283.18
Administration expenses	33,082,783.76	34,369,699.17
Financial expenses	-1,533,397.02	213,297.58
Losses of devaluation of asset	190,677.29	193,984.48
Add: Changing income of fair value(Loss is listed with “-”)	-990,762.24	-848,856.19
Investment income (Loss is listed with “-”)	1,093,417.06	-898,654.15
Including: Investment income on affiliated company and joint venture	-159,244.04	-2,144,995.21
Exchange income (Loss is listed with “-”)		
Other income		
III. Operating profit (Loss is listed with “-”)	-21,509,006.38	-25,809,361.48
Add: Non-operating income	1,024,229.54	6,218,417.29
Including: Disposal gains of non-current asset	12,532.09	1,609.60
Less: Non-operating expense	55,670.03	371,090.74
Including: Disposal loss of non-current asset	33,547.35	8,020.41
IV. Total Profit (Loss is listed with “-”)	-20,540,446.87	-19,962,034.93
Less: Income tax expense	36,586.58	-501,745.09
V. Net profit (Net loss is listed with “-”)	-20,577,033.45	-19,460,289.84
Net profit attributable to owner’s of parent company	-17,759,776.83	-15,099,180.63

Minority shareholders' gains and losses	-2,817,256.62	-4,361,109.21
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 of loss		
1. Changes as a result of re-measurement of net defined benefit plan liability or asset		
2. Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1. Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		
3. Gains or losses arising from reclassification of held-to-maturity investment as available-for-sale financial assets		
4. The effect hedging portion of gains or losses arising from cash flow hedging instruments		
5. Translation differences arising on translation of foreign currency financial statements		
6. Other		

Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	-20,577,033.45	-19,460,289.84
Total comprehensive income attributable to owners of parent Company	-17,759,776.83	-15,099,180.63
Total comprehensive income attributable to minority shareholders	-2,817,256.62	-4,361,109.21
VIII. Earnings per share:		
(i) Basic earnings per share	-0.0357	-0.0304
(ii) Diluted earnings per share	-0.0357	-0.0304

Enterprise combine under the same control in the Period, the combined party realized net profit of 0 Yuan before combination, and realized 0 Yuan at last period for combined party.

Legal Representative: Zheng Yuxi

Person in charge of accounting works: Wang Zhiping

Person in charge of accounting institute: Xu Qiming

4. Profit Statement of Parent Company

Prepared by Shenzhen Shenbao Industrial Co., Ltd.

Semi-annual 2017

In RMB

Item	Amount in this period	Amount in last period
I. Operating income	49,271,727.89	65,133,125.18
Less: Operating cost	45,987,989.13	59,896,259.51
Operating tax and extras	37,532.38	139,061.20
Sales expenses	1,562,377.52	1,653,570.46
Administration expenses	9,942,760.18	11,125,199.86
Financial expenses	-1,563,751.20	214,502.26
Losses of devaluation of asset	194,763.50	199,473.50
Add: Changing income of fair value(Loss is listed with "-")	-990,762.24	-848,856.19
Investment income (Loss is listed with "-")	1,095,403.43	100,367.90
Including: Investment income	-157,257.67	-564,801.46

on affiliated company and joint venture		
II. Operating profit (Loss is listed with “-”)		
Add: Non-operating income	-6,785,302.43	-8,843,429.90
Including: Disposal gains of non-current asset	66,060.72	4,103,837.74
Less: Non-operating expense	12,532.09	
Including: Disposal loss of non-current asset	10,261.85	
Other income	10,261.85	
III. Total Profit (Loss is listed with “-”)	-6,729,503.56	-4,739,592.16
Less: Income tax expense	-298,881.44	-715,569.21
IV. Net profit (Net loss is listed with “-”)	-6,430,622.12	-4,024,022.95
V. Net after-tax of other comprehensive income		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1. Changes as a result of re-measurement of net defined benefit plan liability or asset		
2. Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1. Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		

3. Gains or losses arising from reclassification of held-to-maturity investment as available-for-sale financial assets		
4. The effect hedging portion of gains or losses arising from cash flow hedging instruments		
5. Translation differences arising on translation of foreign currency financial statements		
6. Other		
VI. Total comprehensive income	-6,430,622.12	-4,024,022.95
VII. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

Legal Representative: Zheng Yuxi

Person in charge of accounting works: Wang Zhiping

Person in charge of accounting institute: Xu Qiming

5. Consolidated Cash Flow Statement

Prepared by Shenzhen Shenbao Industrial Co., Ltd.

Semi-annual 2017

In RMB

Item	Amount in this period	Amount in last period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	146,109,487.53	180,368,265.08
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		

Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Net increase of insured savings and investment		
Net increase of amount from disposal financial assets that measured by fair value and with variation reckoned into current gains/losses		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Write-back of tax received	582,422.91	182,087.90
Other cash received concerning operating activities	6,348,302.37	31,164,007.17
Subtotal of cash inflow arising from operating activities	153,040,212.81	211,714,360.15
Cash paid for purchasing commodities and receiving labor service	110,998,020.02	105,153,288.36
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	38,799,120.95	38,530,123.70
Taxes paid	33,095,652.63	13,663,894.12
Other cash paid concerning operating activities	20,580,067.36	22,769,106.61
Subtotal of cash outflow arising from	203,472,860.96	180,116,412.79

operating activities		
Net cash flows arising from operating activities	-50,432,648.15	31,597,947.36
II. Cash flows arising from investing activities:		
Cash received from recovering investment	189,350,000.00	113,825,000.00
Cash received from investment income	1,252,661.10	
Net cash received from disposal of fixed, intangible and other long-term assets	31,780.00	13,245.00
Net cash received from disposal of subsidiaries and other units		-919,992.72
Other cash received concerning investing activities		665,169.36
Subtotal of cash inflow from investing activities	190,634,441.10	113,583,421.64
Cash paid for purchasing fixed, intangible and other long-term assets	5,306,174.76	13,638,864.72
Cash paid for investment	270,000,000.00	134,648,200.00
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units		-1,154,212.72
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	275,306,174.76	147,132,852.00
Net cash flows arising from investing activities	-84,671,733.66	-33,549,430.36
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		
Cash received from loans	10,000,000.00	50,000,000.00

Cash received from issuing bonds		
Other cash received concerning financing activities		79.19
Subtotal of cash inflow from financing activities	10,000,000.00	50,000,079.19
Cash paid for settling debts	5,000,000.00	50,000,000.00
Cash paid for dividend and profit distributing or interest paying	22,904,646.76	790,854.16
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	27,904,646.76	50,790,854.16
Net cash flows arising from financing activities	-17,904,646.76	-790,774.97
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-67,341.47	127,423.28
V. Net increase of cash and cash equivalents	-153,076,370.04	-2,614,834.69
Add: Balance of cash and cash equivalents at the period -begin	358,564,242.83	147,513,887.15
VI. Balance of cash and cash equivalents at the period -end	205,487,872.79	144,899,052.46

Legal Representative: Zheng Yuxi

Person in charge of accounting works: Wang Zhiping

Person in charge of accounting institute: Xu Qiming

6. Cash Flow Statement of Parent Company

Prepared by Shenzhen Shenbao Industrial Co., Ltd.

Semi-annual 2017

In RMB

Item	Amount in this period	Amount in last period
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I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	70,267,796.87	82,209,684.08
Write-back of tax received	433,663.93	27,140.22
Other cash received concerning operating activities	34,066,372.91	42,175,322.72
Subtotal of cash inflow arising from operating activities	104,767,833.71	124,412,147.02
Cash paid for purchasing commodities and receiving labor service	63,220,288.40	57,018,521.50
Cash paid to/for staff and workers	13,078,753.60	10,874,944.58
Taxes paid	15,149,260.25	4,566,555.47
Other cash paid concerning operating activities	21,420,055.12	11,571,284.84
Subtotal of cash outflow arising from operating activities	112,868,357.37	84,031,306.39
Net cash flows arising from operating activities	-8,100,523.66	40,380,840.63
II. Cash flows arising from investing activities:		
Cash received from recovering investment	189,350,000.00	110,000,000.00
Cash received from investment income	1,252,661.10	
Net cash received from disposal of fixed, intangible and other long-term assets	31,000.00	
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		665,169.36
Subtotal of cash inflow from investing activities	190,633,661.10	110,665,169.36
Cash paid for purchasing fixed, intangible and other long-term assets	133,049.80	1,546,631.28

Cash paid for investment	275,500,000.00	137,000,000.00
Net cash received from subsidiaries and other units		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	275,633,049.80	138,546,631.28
Net cash flows arising from investing activities	-84,999,388.70	-27,881,461.92
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans	10,000,000.00	50,000,000.00
Cash received from issuing bonds		
Other cash received concerning financing activities		79.19
Subtotal of cash inflow from financing activities	10,000,000.00	50,000,079.19
Cash paid for settling debts	5,000,000.00	50,000,000.00
Cash paid for dividend and profit distributing or interest paying	22,904,646.76	790,854.16
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	27,904,646.76	50,790,854.16
Net cash flows arising from financing activities	-17,904,646.76	-790,774.97
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-8,996.28	2,590.75
V. Net increase of cash and cash equivalents	-111,013,555.40	11,711,194.49
Add: Balance of cash and cash equivalents at the period -begin	305,477,853.97	116,074,656.42
VI. Balance of cash and cash equivalents at the period -end	194,464,298.57	127,785,850.91

Legal Representative: Zheng Yuxi

Person in charge of accounting works: Wang Zhiping

Person in charge of accounting institute: Xu Qiming

7. Statement of Changes in Owners' Equity (Consolidated)

Prepared by Shenzhen Shenbao Industrial Co., Ltd.

Semi-annual 2017

In RMB

Items	Amount in this period												
	Owners' equity attributable to parent company											Minority interests	Total owners' equity
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit		
Preferred stock		Perpetual capital securities	Other										
I. Balance at the end of the last year	451,620,276.00				367,172,017.79				54,736,482.14		158,239,612.94	17,970,173.99	1,049,738,562.86
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	451,620,276.00				367,172,017.79					54,736,482.14		158,239,612.94	17,970,173.99	1,049,738,562.86
III. Increase/Decrease in this year (Decrease is listed with “-”)	45,162,027.00											-85,502,817.63	-2,817,256.62	-43,158,047.25
(i) Total comprehensive income												-17,759,776.83	-2,817,256.62	-20,577,033.45
(ii) Owners’ 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	45,162,027.00										-67,743,040.80		-22,581,013.80
1. Withdrawal of surplus reserves													
2. Withdrawal of general risk provisions													
3. Distribution for owners (or shareholders)	45,162,027.00										-67,743,040.80		-22,581,013.80
4.Other													
(IV) Carrying forward internal owners' equity													
1. Capital reserves conversed to capital (share capital)													
2. Surplus reserves													

conversed to capital (share capital)													
3. Remedying loss with surplus 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	496,782,303.00				367,172,017.79				54,736,482.14		72,736,795.31	15,152,917.37	1,006,580,515.61

Legal Representative: Zheng Yuxi

Person in charge of accounting works: Wang Zhiping

Person in charge of accounting institute: Xu Qiming

In RMB

Items	Amount in last period
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	Owners' equity attributable to parent company											Minority interests	Total owners' equity
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit		
		Preferred stock	Perpetual capital securities	Other									
I. Balance at the end of the last year	301,080,184.00				518,186,660.59				49,670,863.23		66,684,572.93	21,515,728.34	957,138,009.09
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				518,186,660.59				49,670,863.23		66,684,572.93	21,515,728.34	957,138,009.09
III. Increase/	150,540,092.00				-151,014,642.80				5,065,618.91		91,555,040.01	-3,545,554.35	92,600,553.77

Decrease in this year (Decrease is listed with “-”)													
(i) Total comprehensive income											96,620,658.92	-6,475,132.84	90,145,526.08
(ii) Owners’ devoted and decreased capital												2,929,578.49	2,929,578.49
1.Common shares invested by shareholders												11,250,000.00	11,250,000.00
2. Capital invested by holders of other equity instruments													
3. Amount reckoned into owners equity with share-based payment													
4.Other												-8,320,421.51	-8,320,421.51
(III) Profit									5,065,618.91		-5,065,618.91		

distribution													
1. Withdrawal of surplus reserves									5,065,618.91		-5,065,618.91		
2. Withdrawal of general risk provisions													
3. Distribution for owners (or shareholders)													
4. Other													
(IV) Carrying forward internal owners' equity	150,540,092.00					-151,014,642.80							-474,550.80
1. Capital reserves converted to capital (share capital)	150,540,092.00					-150,540,092.00							
2. Surplus reserves converted to capital (share capital)													
3. Remedying loss with surplus reserve													

4.Other					-474,550.80									-474,550.80
(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	451,620,276.00				367,172,017.79				54,736,482.14		158,239,612.94	17,970,173.99		1,049,738,562.86

Legal Representative: Zheng Yuxi

Person in charge of accounting works: Wang Zhiping

Person in charge of accounting institute: Xu Qiming

8. Statement of Changes in Owners' Equity (Parent Company)

Prepared by Shenzhen Shenbao Industrial Co., Ltd

Semi-annual 2017

In RMB

Items	Amount in this period									
	Share capital	Other equity instrument	Capital reserve	Less:	Other	Reasonable	Surplus reserve	Retained profit	Total owners'	

		Preferred stock	Perpetual capital securities	Other		Inventory shares	comprehensive income	reserve			equity
I. Balance at the end of the last year	451,620,276.00				382,444,482.45				54,736,482.14	283,746,524.30	1,172,547,764.89
Add: Changes of accounting policy											
Error correction of the last period											
Other											
II. Balance at the beginning of this year	451,620,276.00				382,444,482.45				54,736,482.14	283,746,524.30	1,172,547,764.89
III. Increase/ Decrease in this year (Decrease is listed with "-")	45,162,027.00									-74,173,662.92	-29,011,635.92
(i) Total comprehensive income										-6,430,622.12	-6,430,622.12
(ii) Owners' 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	45,162,027.00									-67,743,040.80	-22,581,013.80	
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)	45,162,027.00									-67,743,040.80	-22,581,013.80	
3. Other												
(IV) Carrying forward internal owners' equity												
1. Capital reserves converted to capital (share capital)												
2. Surplus reserves converted to capital (share capital)												
3. Remedying loss with surplus reserve												
4.Other												
(V) Reasonable reserve												
1. Withdrawal in the report period												
2. Usage in the report period												
(VI)Others												
IV. Balance at the end of	496,782,303.00				382,444,482.45					54,736,482.14	209,572,861.38	1,143,536,128.97

the report period											
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Legal Representative: Zheng Yuxi

Person in charge of accounting works: Wang Zhiping

Person in charge of accounting institute: Xu Qiming

In RMB

Items	Amount in last period										
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Total owners' equity
		Preferred stock	Perpetual capital securities	Other							
I. Balance at the end of the last year	301,080,184.00				532,984,495.26				49,670,863.23	238,155,954.14	1,121,891,496.63
Add: Changes of accounting policy											
Error correction of the last period											
Other											
II. Balance at the beginning of this year	301,080,184.00				532,984,495.26				49,670,863.23	238,155,954.14	1,121,891,496.63
III. Increase/ Decrease in this year (Decrease is listed with "-")	150,540,092.00				-150,540,012.81				5,065,618.91	45,590,570.16	50,656,268.26
(i) Total comprehensive										50,656,189.07	50,656,189.07

income											
(ii) Owners' 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									5,065,618.91	-5,065,618.91	
1. Withdrawal of surplus reserves									5,065,618.91	-5,065,618.91	
2. Distribution for owners (or shareholders)											
3. Other											
(IV) Carrying forward internal owners' equity	150,540,092.00					-150,540,012.81					79.19
1. Capital reserves converted to capital (share capital)	150,540,092.00					-150,540,092.00					
2. Surplus reserves converted to capital (share capital)											

3. Remediating loss with surplus reserve											
4. Other					79.19						79.19
(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	451,620,276.00				382,444,482.45				54,736,482.14	283,746,524.30	1,172,547,764.89

Legal Representative: Zheng Yuxi

Person in charge of accounting works: Wang Zhiping

Person in charge of accounting institute: Xu Qiming

III. Basic situation of Company

1. Company registration, organization form and headquarters address

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.

On 17 May 2016, the equity allocation plan was deliberated and approved by Annual General Meeting of 2015. Based on 301,080,184 shares dated 31st December 2015, increase 5 shares by each 10 shares transferring to all shareholders. Share capital increased to 451,620,276 shares after transferring.

On 15 May 2017, the equity allocation plan was deliberated and approved by Annual General Meeting of 2016. Based on 451,620,276 shares dated 31st December 2016, distributed one bonus share for each 10-share held by the whole shareholders. Shares capital increased to 496,782,303 shares after bonus stock distributed.

Register address of the Company: 8/F, B Section, 4th Tower, Software Industrial Base, South Technology Park, Xuefu Street, Yuehai Avenue, Nanshan District, Shenzhen, P.R. China; license No.: 91440300192180754J.

2. Business nature and major operation activities of the Company

The Company mainly engaged in the products of tea series of “Jindiao” brand including instant tea power and tea concentrate; “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.

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).

3. Report approval for the financial statement

The statement has been approved by the Board dated 24 August 2017 for reporting.

4. Scope of consolidated financial statements

Totally 17 subsidiaries are included in consolidate financial statement, mainly including:

Subsidiaries	Type	Level	Shareholding ratio (%)	Voting rights ratio (%)
Shenzhen Shenbao Huacheng Technology Co., Ltd. (Shenbao Huacheng for short)	Wholly-owned subsidiary	First grade	100	100
Wuyuan Jufangyong Tea Co., Ltd. (Wuyuan Jufangyong for short)	Wholly-owned subsidiary	First grade	100	100
Shenzhen Shenbao Sanjing Food and Beverage Development Co., Ltd. (Shenbao Sanjing for short)	Wholly-owned subsidiary	First grade	100	100
Huizhou Shenbao Technology Co., Ltd. (Huizhou Shenbao Technology for short)	Wholly-owned subsidiary	First grade	100	100
Shenzhen Shenbao Property Management Co., Ltd. (Shenbao Property for short)	Wholly-owned subsidiary	First grade	100	100
Shenzhen Shenbao Industry and Trade Co., Ltd. (Shenbao Industry and Trade for short)	Wholly-owned subsidiary	First grade	100	100
Hangzhou Jufangyong Holding Co., Ltd. (Hangzhou Jufangyong for short)	Wholly-owned subsidiary	First grade	100	100
Shenzhen Shenbao Technology Center Co., Ltd. (Shenbao Technology Center for short)	Wholly-owned subsidiary	First grade	100	100
Shenzhen Shenshenbao Investment Co., Ltd. (Shenshenbao	Wholly-owned	First grade	100	100

Investment for short)	subsidiary			
Yunnan Pu'er Tea Shenbao Supply Chain Management Co., Ltd. (hereinafter referred to as Yunnan Supply Chain)	Wholly-owned subsidiary	First grade	100	100
Huizhou Shenbao Food Co., Ltd. (Huizhou Shenbao Food for short)	Wholly-owned subsidiary	First grade	100	100
Yunnan Pu'er Tea Exchange Center Co., Ltd. (hereinafter referred to as Pu'er Tea Exchange Center)	Holding subsidiary	First grade	55	55
Wuyishan Shenbao Rock Tea Co., Ltd. (Shenbao Rock Tea for short)	Wholly-owned subsidiary	Second grade	100	100
Hangzhou Fuhaitang Tea Ecological Technology Co., Ltd. (Fuhaitang Ecological for short)	Wholly-owned subsidiary	Second grade	100	100
Hangzhou Chunshi Network Technology Co., Ltd. (Chunshi Network for short)	Wholly-owned subsidiary	Second grade	100	100
Shenzhen Shenshenbao Tea Culture Business Management Co., Ltd. (Shenshenbao Tea Culture for short)	Holding subsidiary	Second grade	65	65
Hangzhou Jufangyong Trading Company (hereinafter referred to as Jufangyong Trading)	Holding subsidiary	Second grade	60	60

Subsidiary excluded in consolidated financial statement

(1) Shenzhen Shenbao (Liaoyuan) Industrial Company has established for a long time without normal operation, Industry and Commerce Bureau has canceled the business license of the company, the long-term equity investment for the company has been accrual for impairment totally. Financial statement of the company is out of the consolidation range.

(2) Shenzhen Baomanan Biotechnology Co., Ltd. is a subsidiary of the Company, set up by Huizhou Shenbao Technology and Guangzhou Shen Guangsheng biotechnology limited liability company, according to the contract signed by both parties on March 28, 2014, Huizhou Shenbao Technology does not have the right to actual control this company, thus it is accounted by the equity method.

(3) Shenzhen Shichumingmen Restaurant Management Co., Ltd. (hereinafter referred to as "Shichumingmen Company"), set up by a subsidiary of the Company Shenshenbao tea culture and Shenzhen Investment Co., Ltd. F. according to Articles of Association, the Board of Directors to vote by one vote one person. Attendees to the board of directors should be more than 2/3 of the whole number of directors, and all participants approve the resolution thus it is effective. The Company only accounted for 3/5 of the voting rights in Shichumingmen Company, control can not be reached, so it is accounted for by the equity method.

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

The Company was evaluated on continued viability of 12 months for the reporting period and found to have no significant doubt. Accordingly, the financial statements have been prepared on the basis of going concern assumptions.

V. Major accounting policy, accounting estimation

Specific accounting policies and estimation attention:

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

The assets and liabilities the Company acquired in a business combination shall be measured in accordance with book value of assets, liabilities (including the ultimate controlling party of goodwill acquired by the merging parties and the formation of) stated in combined financial report of the ultimate controlling party on the merger date. The net book value of assets and the payment of the merger consideration in the merger book value (or nominal value of shares issued) shall be adjusted in the share premium of reserve capital. the share premium in capital reserve is not enough for deducting, retained earnings .

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.

(3) Business combination not under the same control

Assets paid and liabilities taken for business combination on the acquisition date shall be measured at fair value. The difference between the fair value and book value is recognized in profit or loss.

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; as for non-package: 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.

(4) Expenses related to the merger

Audit, legal, consulting services, and other intermediary costs and other expenses directly related to the business combination, shall be included in current profit or loss in the event; any transaction fee for issuing equity securities for business combination which can be directly attributable to the equity transaction shall be deducted from equity.

6. Methods for preparation of consolidated financial statements

1. Merger scope

The consolidation scope of the consolidated financial statements of the Company is fixed on the basis of control, and all subsidiaries have been consolidated.

2. Merger procedure

The Company edits the consolidated financial statements based on its own financial statements and the subsidiaries', as well as other relevant information. The consolidated financial statements hold the enterprise group as a whole accounting entity. It is recognized in accordance with relevant Accounting Standards,

measurement and presentation requirements. Uniform accounting policies reflect the overall financial position of the Group's business, operating results and cash flow.

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.

Internal transactions between the Company and its subsidiaries and between subsidiaries to each other shall put impact on the consolidated balance sheet, consolidated income statement, consolidated cash flow statement, the consolidated shareholders' equity. The impact shall be offset when combing financial statements. If it is not the same when you stand Enterprise Group and the angle of the Company or its subsidiaries as the accounting entity identified on the same transaction, the business point of view shall be adjusted to the Group's transactions.

Subsidiary's equity, current net profits or losses and current comprehensive income belonging to minority shareholders shall be listed respectively under item of owners' equity in the consolidated balance sheet, item of net profit in profit sheet and item of total comprehensive income. Current loss minority shareholders of a subsidiary exceed the minority shareholders in the subsidiary's opening owners' equity share and the formation of balance, offset against minority interests.

For the subsidiaries acquired through business combination under common control, its assets and liabilities (including goodwill formed from ultimate controlling party acquiring the subsidiary to) shall be adjusted based on the book value in the financial statements of the ultimate controlling party.

For the subsidiaries acquired through business combination under uncommon control, financial statements shall be adjusted based on the fair value of the identifiable net assets on acquiring date.

1) Increase of subsidiary or business

During the reporting period, the merger of the enterprises under the same control results in additional subsidiaries or business, then adjust the opening amount of consolidated balance sheet; income, expenses and profit of the subsidiaries or business from beginning to the end of the reporting shall be included in the consolidated profit statement; cash flows of the subsidiaries or business from beginning to the end of reporting period shall be included into the consolidated cash flow statement. And relevant comparative items of comparable statement shall be adjusted since reporting entity is controlled by the ultimate controller.

If additional investment and other reasons can lead investee to be controlled under the same control, all parties shall be adjusted at the beginning when the ultimate controlling party starts control. Equity investments made before obtaining controlling right, relevant gains and losses and other comprehensive income as well as other

changes in net assets confirmed during the latter date between point obtaining original equity and merger and mergee under the same control day to the combined day, shall be offset against the retained earnings or profit or loss of the comparative reporting period.

During the reporting period, opening amount of consolidated balance sheet shall not be adjusted since enterprise under different control combine or increase holding of subsidiary or business; the income, expense and profit of the subsidiaries or business from the acquisition date to the end of reporting period shall be included in the consolidated profit statement; while cash flows shall be included into the consolidated cash flow statement.

Equity held from investee before acquisition date shall be measured at fair value of acquisition date if additional investment and other reasons can lead investee to be controlled under the same control. Difference between the fair value and the book value is recognized as investment income. other comprehensive income and other owners' equity except for net profit or loss, other comprehensive income and the distribution of profits related to equity held from investee before acquisition date, as well as relevant other comprehensive income associated with all other by changes in equity shall be included in current investment income, except for other comprehensive income arising from change of net assets or net liabilities redefined by investee.

2) Disposal of subsidiaries or business

A. The general approach

During the reporting period, the Company carry out disposal of subsidiaries or business, revenue, expense and profit of the subsidiary or business included in the consolidated profit statement from the beginning to the disposal date; while the cash flow into cash flow table.

If losing controlling right to investee due to disposal of partial equity, the remaining equity after the disposal shall be re-measured at fair value at the date when control is lost. Price of equity disposal plus fair value of the remaining equity, then subtracting net assets held from the former subsidiary from the acquisition date or combination date initially measured in accordance with original stake and goodwill, the difference shall be included in investment income of the period losing controlling right. other comprehensive income and other owners' equity except for net profit or loss, other comprehensive income and the distribution of profits related to equity held from investee before acquisition date, as well as relevant other comprehensive income associated with all other by changes in equity shall be included in current investment income, except for other comprehensive income arising from change of net assets or net liabilities redefined by investee.

B. Step disposal of subsidiaries

As multiple transactions over disposal of the subsidiary's equity lead to loss of controlling right, if the terms of the transaction, situation and economic impact subject to one or above of the following conditions, usually it indicates repeated transactions should be accounted for as a package deal:

- a. These transactions are made considering at the same time or in the case of mutual impact;

- b. These transactions only reach a complete business results when as a whole;
- c. A transaction occurs depending on the occurrence of at least one other transaction;
- d. Single transaction is not economical, but considered together with other transactions it is economical.

If disposal of equity in subsidiaries lead the loss of control and the transactions can be seen as a package deal, the Company will take accounting treatment of the transaction; however, before the loss of control the difference between the disposal price and the corresponding net assets of the subsidiary, recognized as other comprehensive income in the consolidated financial statements, into current profit and loss at current period when losing controlling right.

If disposal of equity in subsidiaries lead the loss of control and the transactions doesn't form a package deal, equity held from subsidiary shall be accounted in accordance with relevant rules before losing controlling right, while in accordance with general accounting treatment when losing controlling right.

3) Purchase of a minority stake in the subsidiary

Long-term equity investment of the Company for the purchase of minority interests in accordance with the newly acquired stake in the new calculation shall be entitled to the difference between the net assets from the acquisition date (or combination date) initially measured between the consolidated balance sheet adjustment capital balance of the share premium in the capital reserve share premium insufficient, any excess is adjusted to retained earnings.

4) Disposal of equity in subsidiary without losing control

Disposal price and disposal of long-term equity investment without a loss of control due to partial disposal of subsidiaries and long-term equity investment made between the relative net assets from the purchase date or the date of merger were initially measured at the difference between the subsidiary shall enjoy, the consolidated balance sheet adjustment in the balance of the share premium, capital balance of the share premium insufficient, any excess is adjusted to retained earnings.

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 show 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

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.

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 Company 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) Account receivables

Account receivable refers to the non-derivative financial assets without price in active market and with amount to be fixed or to be determined.

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.

(3) 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.

(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 or financial liabilities with an active market, the fair value is determined by the offer of the active market; the offer of the active market includes the offers of underlying assets or liabilities easily and regularly obtained from the exchange, the dealer, the broker, the industry group, the pricing institution or the regulatory body, which can represent the market transactions actually and frequently occur on the basis of fair trade.

The initial acquisition or financial assets or financial liabilities assumed, market transaction price to determine the fair value basis.

There is no active market for a financial asset or financial liability, the valuation techniques to determine its fair value. At the time of valuation, the Company adopted applicable in the present case and there is enough available data and other information technology to support valuation, assets or liabilities of feature selection and market participants in the trading of the underlying asset or liability considered consistent input value and priority as the relevant observable inputs. Where relevant observable inputs can not get or do not get as far as practicable, the use of unobservable inputs.

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.

Initial segment of the "cost" of the sale of equity instruments in accordance with available cost less any principal repayment and amortization, impairment loss has been included in determining profit or loss; The fair value of the available-for-sale equity instrument investment without an active market is determined by the present value determined on the basis of the current market return similar to financial assets versus the future discounted cash; the fair value of available-for-sale equity instrument investment with offers in the active market is determined by the closing price of the stock exchange at the end of the period, unless this available-for-sale equity instrument investment has a restricted stock trade period. For the presence of restricted investments in equity instruments available for sale, according to the end of the closing price of the stock exchange market participants by deducting the risk equity instrument within a specified period cannot be sold on the open market and the requirements to obtain compensation.

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

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.
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(2) Accounts receivable whose bad debts provision was accrued by combination based on credit risk characteristics portfolio

Combination	Bad debt provision accrual
Party composition within the scope of consolidation related	Other method
Aging of accounts group	Age analysis method

Group with bad debt provision accrual by aging:

Applicable Not applicable

Age	Accrual ratio	Accrual ratio for other 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) Account receivable with minor single amount but with withdrawal bad debt provision for single item

Reasons for provision of bad debt reserve	There is objective evidence that the Company will not be able to recover the money under the original terms of receivables.
Provision method of bad debt reserve	Withdrawn according to the difference between present value of expected future cash flows and the book value of the receivables.

12. Inventories

Whether the company needs to comply with the disclosure requirements of the particular industry

No

(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, subcontracted materials, packages, 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

13. Long-term equity investment

(1) Recognition of investment cost

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

A. 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.

B. 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:

A. 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.

B. 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.

14. Investment real estate

Measurement

Measured by cost

Depreciation or amortization method

Investment real estate is defined as the real estate with the purpose to earn rent or capital appreciation or both, including the rented land use rights and the land use rights which are held and prepared for transfer after appreciation, the rented buildings.

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

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

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

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

15. Fixed asset

(1) Recognition of fixed assets

Fixed assets is defined as the tangible assets which are held for the purpose of producing goods, providing services, lease or for operation & management, and have more than one year of service life. Fixed assets should be recognized for qualified the followed conditions at the same time:

- 1) It is probable that the economic benefits associated with the assets will flow into the Company;
- 2) The cost of the assts can be measured reliably. Among them, the cost of outsourcing fixed assets includes the buying price, import tariff and other related taxes and fees, as well as other expenses occurred before making the fixed assets reach the intended serviceable condition and can be directly attributable to the assets. The cost of self-constructed fixed assets consists of the necessary expenses occurred before reaching the intended serviceable condition by the construction of the assets. The fixed assets invested by the investors take the value stipulated by investment contract or agreement as the entry value, but it should take the fair value as the entry value when the value stipulated by investment contract or agreement is not fair. When the cost of purchasing fixed assets has a delay in payment exceeding the normal credit terms and substantially possesses financing, the cost of fixed assets is determined on the basis of the present value of the purchasing price. The balance between the actual paid cost and the present value of purchasing price is reckoned in the current profits and losses in the credit period, except for the capitalization.

Subsequent measurement and disposal of fixed assets 1) Depreciation of fixed assets is accrued within the estimated useful life after deducting the estimated residual value from its entry value. For the fixed assets accrued with provision for impairment, determine the amount of depreciation by the book value deducting the provision for impairment and according to the useful life. The Company determines the useful life and estimated net residual value of fixed assets according to the nature and use of fixed assets, and rechecks the useful life, estimated net residual value, and depreciation method of fixed assets at the end of the year, and makes corresponding adjustments if there is difference with the original estimated number.

2) The follow-up expenses of fixed assets 2) and the follow-up expenses related to fixed assets are included in the cost of fixed assets if they meet the requirements for recognition of fixed assets; those cannot meet the requirements for recognition of fixed assets should be included in the current profits and losses when occur.

3) When the fixed assets are disposed, or expected not to generate economic benefits through use or disposal, derecognize the fixed assets. The amount after deducting its book value and related taxes and dues from the disposal income of the fixed assets sale, transfer, retirement or impairment is included in the current profits and losses.

(2) Depreciation methods

Categories	Method	Years of depreciation	Scrap value rate	Yearly depreciation rate
Houses and buildings: production buildings	Straight-line depreciation	35	5	2.71
Houses and buildings:	Straight-line depreciation	40	5	2.38

production buildings				
Houses and buildings: makeshift	Straight-line depreciation	9	5	10.56
Mechanical equipment	Straight-line depreciation	12	5	7.92
Transportation vehicle	Straight-line depreciation	9	5	10.56
Other equipment	Straight-line depreciation	6	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.

16. Construction in process

(1) Initial measurement 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.

17. Borrowing expenses

(1) Recognition of the borrowing expenses capitalization

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

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

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

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

(2) Period of capitalization

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

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

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

If the assets have been completed in every part, but can be reached the useful status or sale-able status while completed entirely, the borrowing expense shall be suspended for capitalization while the assets completely finished in whole.

(3) Period of suspended

If purchasing, construction, or manufacturing process of an asset satisfying the conditions of capitalization is suspended abnormally for over 3 months, capitalizing of borrowing expenses shall be suspended; the suspended assets that satisfying the conditions of capitalization meets the necessary procedure of reaching predicted usable status or sellable status, capitalizing of borrowing expenses shall be resumed. The borrowing expenses occurred during the period of suspended shall reckon into current gains and losses until the purchasing, construction, or manufacturing process is resumed for capitalizing.

(4) Calculation for capitalization amount

Interest expenses practically occurred at the current term of a special borrowing are capitalized after deducting of the bank saving interest of unused borrowed fund or provisional investment gains.

Capitalization amounts of common borrowings are decided by the weighted average of exceeding part of accumulated asset expenses over the special borrowing assets multiply the capitalizing rate of common borrowings adopted. Capitalization rates are decided by the weighted average of common borrowings.

For those expenses with discount or premium, determined the amortizable discount or premium in every fiscal year by effective interest method, than adjusted interest amount in every period.

18. Biological assets

Classification of biological assets

Biological assets of the Company refer to the productive biological assets. Productive biological assets included tea tree.

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;

Cost of such biological assets can be reliably measured.

Initial recognition of Biological assets

The biological assets will initially measured by cost while obtained. 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.

Subsequent measurement of biological assets

(1) Follow-up expenses

The cost of consumptive biological assets constituted by the actual costs of self-cultivated and constructed consumptive biological assets occurred before closing, and the follow-up expenses such as management and protection occurred after closing are included in the current profits and losses.

The cost of productive biological assets constituted by the actual costs of self-cultivated and constructed productive biological assets occurred before achieving the intended production and operation goals, and the follow-up expenses such as management and protection occurred after achieving the intended production goals are included in the current profits and losses.

(2) Depreciation of productive biological assets

The Company adopts the straight-line method to make depreciation on schedule for the productive biological assets achieving the intended production and operation goals. The Company determines the useful life and estimated net residual value based on the nature and use condition of productive biological assets and the expected realization way of related economic benefits; rechecks the nature, use condition and depreciation methods of productive biological assets at the end of the year, and makes corresponding adjustments if there is difference with the original estimated number.

Biological assets of the Company refer to the tea plants. For those productive biological assets that reached its predicted productive purpose, withdrawal depreciation by average age method. The service life was determined by the residual terms of the residual term of land use after deducting the un-maturity period (5-year) of the tea plants with 5 percent salvage value calculated. Reviewing the service life, predicted salvage value and depreciation method at year-end, if there have difference between the predicted number and original estimated number or have major changes on way of profit earning, than adjusted the service life or predicted salvage value or depreciation method as account estimation variation.

(3) Disposal of biological assets:

When harvesting or selling consumable 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.

Biological assets impairment

The company inspects the consumptive biological assets and productive biological assets at least at the end of each year, conclusive evidence indicates that if the net realizable value of consumptive biological assets and the recoverable amount of productive biological assets are less than the book value due to natural disasters, insect pests, animal diseases or changes in market demand, the company accrues the provision for losses or provision for impairment of biological assets and reckons in the current profits and losses according to the balance between the recoverable amount and the book value.

For those that the influencing factor of the depreciation of consumptive biological assets has disappeared, recover the write-down amount and reverse within the amount of provision for losses originally accrued, and reckon the reversed amount in the current profits and losses. The provision for impairment of productive biological assets shouldn't be reversed once being accrued.

19. Intangible assets

(1) Measurement, use of life and impairment testing

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) 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

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:

Item	Predicted useful life	Basis
Land use right	Amortized the actual rest of life after certificate of land use right obtained	Certificate of land use right
Proprietary technology	20-year	Actual situation of the Company
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

Intangible assets without certain 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) Internal accounting policies relating to research and development expenditures

1) 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.

2) Standards for capitalization satisfaction of expenditure in exploitation state

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

- A. Owes feasibility in technology and completed the intangible assets for useful or for sale;
- B. Owes the intention for completed the intangible assets and for sale purpose;
- C. 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.

20. 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, and 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.

When goodwill impairment testing comes, book value of goodwill is allocated to asset group or combination benefit from the synergies of the business combination. 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.

21. Long term prepaid expense

Amortization method

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.

22. Staff remuneration

(1) Short term remuneration

Employee remuneration refers to the various forms of remuneration or compensation given by the Company to obtain the services provided by the employees or to terminate the labor relations. Employee remuneration includes short-term remuneration, after-service benefits, dismissal benefits and other long-term employee benefits.

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) 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.

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) Dismissal benefit

Dismissal benefit represents compensation paid to employees for release of employment before expiration or as compensation for their willing of cut, Liabilities arising from dismiss benefit shall be included in current profit and loss when the company cannot unilaterally withdraw from the termination plan or take redundancy offer and when reorganize the payment of termination benefits related to the cost.

(4) 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.

23. Accrual liability

1. Recognition standards for accrual liability

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

The responsibility is a current responsibility undertaken by the Company;

Fulfilling of the responsibility may lead to financial benefit outflow;

The responsibility can be measured reliably for its value.

2. Measurement

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

While determined the best estimation, take the risks, uncertainty and periodic value of currency that connected to the contingent issues into consideration. For major influence from periodic value of currency, determined best estimation after discount on future relevant cash out-flow.

Treatment for best estimation:

If the expenditure has a continuous range, and with similar possibility within the range, the best estimation should determined by the middle value within the range, that is the average amount between the up and low limit.

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

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

24. Revenue

Whether the company needs to comply with the disclosure requirements of the particular industry

No

(1) Recognition of the income from commodity sales

When main risks and rewards attached to the ownership of goods have been transferred to the buyer, reserved neither continuous management power nor effective control over the goods, incoming payment can be measured reliably, relative financial benefit possibly inflow to the company, cost occurred or will occur can be reliably measured, sales income of goods is recognized.

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

(2) Basis on use right income for transaction assets

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

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

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

25. Government Grants

(1) Determination basis and accounting for government grants related to assets

1) Type

Governments grants of the Company refer to the monetary and non-monetary assets obtained from government for free, and are divided into those related to assets and others related to revenues.

Government subsidies related to assets refer to those obtained by the Company and used for purchase or construction of or otherwise to form long-term assets. Government subsidies related to revenue refer to those other than government subsidies related to assets.

2) Recognition of government subsidies

At end of the period, if there is evidence show that the Company qualified relevant condition of fiscal supporting polices and such supporting funds are predicted to obtained, than recognized the amount receivable as government subsidy. After that, government subsidy shall recognize while actually received.

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

3) Accounting method

A. The government subsidy related to the assets should offset against the book value of underlying assets or be confirmed as deferred income. When the government subsidy related to the assets is confirmed as deferred income, it should be included in the profits and losses by stages within the service life of underlying assets by reasonable and systematic methods. The government subsidy measured by nominal amount should be directly included in the current profits and losses.

If the underlying assets are sold, transferred, scrapped or destroyed before the end of the service life, the balance of relevant deferred income that has not been allocated should be transferred to the current profits and losses of assets disposal.

The government subsidy related to the daily activities of the enterprise should be included in other income or offset the relevant costs in accordance with the essence of economic business.

B. The finance directly appropriates the interest subsidy funds to the enterprises, and the enterprises should offset the related borrowing costs with the corresponding interest subsidy.

C. If the government subsidy that has been confirmed needs to be returned, the accounting treatment should be carried out according to below provisions in the current period in need of return:

a. For those to offset the book value of underlying assets in the initial recognition, adjust the book value of the assets.

b. For those having related deferred income, offset the book value of relevant deferred income, and include the excess in the current profits and losses;

c. Other circumstances should be directly included in the current profits and losses.

(2) The judgment basis and accounting treatment method of income-related governmental subsidy

The income-related government subsidy should handle accounting treatment in accordance with the following provisions:

1) Those that are used to compensate the relevant costs or losses of the enterprise in the subsequent period are recognized as deferred income and included in the current profits or losses or offset the relevant costs in the period of confirming the relevant costs or losses;

2) Those that are used to compensate the occurred relevant costs or losses of the enterprise are directly included in the current profits and losses or offset the relevant costs.

For government subsidies that contain both asset-related parts and income-related parts are necessary to distinguish the different parts and handle the accounting treatment separately; those being difficult to be distinguished should be classified as the income-related government subsidies as a whole.

26. Deferred income tax assets and deferred income tax liabilities

Deferred income tax assets and liabilities are measured and recognized based on the difference (temporary difference) between the taxation bases of the assets and liabilities and their carrying value. As of the balance sheet date, deferred income tax assets and liabilities are measured at the tax rate applicable during the period in which 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.

27. Lease

(1) Accounting for operating lease

Accounting for operating lease

- 1) The rental fee paid for renting the properties by the company are amortized by the straight-line method and reckoned in the current expenses throughout the lease term without deducting rent-free period. The initial direct costs related to the lease transactions paid by the company are reckoned in the current expenses.

When the lessor undertakes the expenses related to the lease that should be undertaken by the company, the company shall deduct the expenses from the total rental costs, share by the deducted rental costs during the lease term, and reckon in the current expenses.

- 2) Rental obtained from assets leasing, during the whole leasing period without rent-free period excluded, shall be amortized by straight-line method and recognized as leasing revenue. The initial direct costs paid with leasing transaction concerned are reckoned into current expenditure; the amount is larger is capitalized when incurred, and accounted for as profit or loss for the current period on the same basis as recognition of rental income over the entire lease period.

When the company undertakes the expenses related to the lease that should be undertaken by the lessor, the

company shall deduct the expenses from the total rental income, and distribute by the deducted rental costs during the lease term.

2) Accounting for financing lease

Accounting for financing lease

1) Assets lease-in by financing: On the beginning date of the lease, the entry value of leased asset shall be at the lower of the fair value of the leased asset and the present value of minimum lease payment at the beginning date of the lease. Minimum lease payment shall be the entry value of long-term accounts payable, with difference recognized as unrecognized financing expenses. The Company had no financing lease.

Unrecognized financing expenses shall be reckoned in financial expenses and amortized and using effective interest method during the leasing period.

2) Finance leased assets: on the lease commencement date, the company affirms the balance among the finance lease receivables, the sum of unguaranteed residual value and its present value as the unrealized financing income, and recognizes it as the rental income during the period of receiving the rent. For the initial direct costs related to the rental transaction, the company reckons in the initial measurement of the finance lease receivables, and reduces the amount of income confirmed in the lease term.

28. Changes of important accounting policy and estimation

(1) Changes of major accounting policies

Applicable Not applicable

Content and reasons	Approval procedure	Note
In accordance with the revised "Accounting Standards for Business Enterprise No.16- Government subsidy" (Cai Kuai [2017] No.15), the financial expenses will reduced by discount loans, and excluded in the non-operating revenue	Approved by the 11 th session of 9 th BOD	Impact on financial statement: interest expenditure from financial expenses reduced 383,100.00 Yuan, and non-operating revenue reduced 383,100.00 Yuan.

The Ministry of Finance promulgated the Accounting Standards for Business Enterprises No. 16 - Government Subsidies in 2017 which took effect from June 12, 2017. The Company handled the governmental subsidies existed before January 1, 2017 by adopting prospective application, and adjusted the newly increased governmental subsidies from January 1, 2017 to the implementation date of this Standard by this Standard.

(2) Changes of important accounting estimate

Applicable Not applicable

VI. Taxes

1. Type of tax and rate for main applicable tax

Taxes	Basis	Rate
VAT	Service income from goods sales and taxable sales	17%, 11%, 6%, 5%, 3%
Urban maintenance and construction tax	Turnover tax payable	5%, 7%
Corporate income tax	Taxable income	25%
Educational surtax	Turnover tax payable	5%

Rate of income tax for different taxpaying body:

Taxpaying body	Rate of income tax
The Company	25%
Shenbao Huacheng	25%
Including: Shantou Branch of Shenbao Huacheng	25%
Wuyuan Jufangyong	25%
Shenbao Sanjing	25%
Huizhou Shenbao Technologies	25%
Huizhou Shenbao Food	25%
Shenbao Properties	25%
Shenbao Industrial Trading & Developmen	25%
Hangzhou Jufangyong	25%
Shenbao Yuxing	25%
Shenbao Technology Center	25%
Fuhaitang Tea Ecology	25%
Chunshi Network	25%
Shenshenbao Investment	25%
Shenshenbao Tea Culture	25%
Yunnan Supply Chain	25%
Jufangyong Trading	25%
Shenbao Rock Tea	25%
Pu'er Tea Exchange Center	25%

2. Tax preferential and basis

Wuyuan Jufangyong, 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 Jufangyong has favored from this preferential policy from 2014 to 2016. Currently, Wuyuan Ju Fang Yong still in the process of identification of high-tech enterprise.

VII. Annotation to main items of consolidated financial statements

1. Monetary fund

In RMB

Item	Closing balance	Opening balance
Cash on hand	268,174.40	207,519.80
Cash in bank	205,219,698.39	358,356,723.03
Total	205,487,872.79	358,564,242.83

Other note: Nil

2. Financial assets measured by fair value and with the variation recorded into current gains/losses

In RMB

Item	Closing balance	Opening balance
Tradable financial assets	2,260,176.36	3,250,938.60
Equity investment	2,260,176.36	3,250,938.60
Total	2,260,176.36	3,250,938.60

Other explanation: Closing balance refers to the 258,011 shares of A-stock under the name of "CBC-A"

3. Account receivable

(1) Account receivable classified according to types

In RMB

Type	Closing 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 of	72,932,905.57	78.34%	890,273.13	1.22%	72,042,632.44	63,476,680.17	75.89%	893,812.54	1.41%	62,582,867.63

credit risk characteristics										
Account receivable with single minor amount but withdrawal bad debt provision for single item	20,164,693.05	21.66%	20,164,693.05	100.00%		20,164,693.05	24.11%	20,164,693.05	100.00%	
Total	93,097,598.62	100.00%	21,054,966.18	22.62%	72,042,632.44	83,641,373.22	100.00%	21,058,505.59	25.18%	62,582,867.63

Account receivable with single significant amount and withdrawal bad debt provision separately at period end:

Applicable Not applicable

Account receivable with bad debt provision withdrawal by age analysis in group:

Applicable Not applicable

In RMB

Age	Closing balance		
	Account receivable	Bad debt reserve	Accrual ratio
Subitem of within one year			
Within 1 year	63,901,750.67		
1-2 years	2,815,421.80	140,771.09	5.00%
2-3 years	3,657,158.32	365,715.82	10.00%
Over 3 years	2,558,574.78	383,786.22	15.00%
3-4years	132,860.76	19,929.12	15.00%
4-5 years	182,003.85	27,300.58	15.00%
5years above	2,243,710.17	336,556.52	15.00%
Total	72,932,905.57	890,273.13	1.22%

Explanation on combination determines: Nil

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:

Nil

(2) Bad debt provision accrual collected or switch back

Bad debt provision accrual of RMB 0; collected or switch back bad debt provision of RMB 3,539.41.

Major bad debt provision collected or switch back:

In RMB

Name	Amount	Method
N/A		
Total		

(3) Account receivable actual charge off in the Period

In RMB

Item	Amount written off
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Written-off for the major receivable:

In RMB

Name	Nature of accounts receivable	Amount written off	Reason written off	Performance written off procedure	Whether the money is generated by related party transactions
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Written-off for the receivable: Nil

(4) Top 5 receivables at ending balance by arrears party

Name	Closing balance	Proportion in total receivables at closing balance (%)	Bad debt provision accrual
Customer 1	5,824,108.00	6.26	---
Customer 2	5,404,196.60	5.80	---
Customer 3	5,163,160.00	5.55	---
Customer 4	4,166,420.22	4.48	---
Customer 5	3,454,727.20	3.70	---
Total	24,012,612.02	25.79	---

(5) Account receivable derecognition due to financial assets transfer

Nil

(6) Assets and liabilities resulted by account receivable transfer and continues involvement

Nil

Other note: Nil

4. Account paid in advance

(1) Aging analysis

In RMB

Age	Closing balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within 1 year	13,117,213.53	91.87%	5,357,620.52	84.75%
1-2years	1,038,065.38	7.27%	826,840.85	13.08%

2-3years	17,182.51	0.12%	31,530.94	0.50%
Over 3 years	105,946.75	0.74%	105,835.33	1.67%
Total	14,278,408.17	--	6,321,827.64	--

Reasons for significant repayment with over one year age without settle: Nil

(2) Top 5 accounts paid in advance at closing balance collected by objects

In RMB

Name	Closing amount	Ratio in total account paid in advance (%)
Supplier 1	4,689,624.09	32.84
Supplier 2	1,446,776.95	10.13
Supplier 3	1,120,512.82	7.85
Supplier 4	860,160.00	6.02
Supplier 5	767,728.37	5.37
Total	8,884,802.23	62.21

Other note: Nil

5. Other account receivable

(1) Other account receivable classified according to types

In RMB

Type	Closing 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 single major amount and withdrawal bad debt provision for single item	19,745,382.18	37.10%	8,839,247.89	44.77%	10,906,134.29	19,540,618.68	39.73%	8,634,484.39	44.19%	10,906,134.29
Other account receivable withdrawal bad debt provision by group of credit risk characteristics	15,904,126.04	29.88%	318,478.43	2.00%	15,585,647.61	12,066,358.31	24.53%	329,042.66	2.73%	11,737,315.65
Other account receivable with single minor amount but withdrawal bad debt provision for single item	17,577,795.82	33.02%	17,577,795.82	100.00%		17,577,795.82	35.74%	17,577,795.82	100.00%	
Total	53,227,304.04	100.00%	26,735,522.14	50.23%	26,491,781.90	49,184,772.81	100.00%	26,541,322.87	53.96%	22,643,449.94

Other receivable with single significant amount and withdrawal bad debt provision separately at end of period:

√ Applicable □ Not applicable

In RMB

Account receivable(units)	Closing balance			
	Account receivable	Bad debt reserve	Accrual ratio	Reasons
Changzhou Shenbao Chacang E-commence Co., Ltd.	19,745,382.18	8,839,247.89	44.77%	Estimated recoverable amount is lower than the book balance
Total	19,745,382.18	8,839,247.89	--	--

Other receivable with bad debt provision withdrawal by age analysis in group:

Applicable Not applicable

In RMB

Age	Closing balance		
	Other accounts receivable	Bad debt provision	Accrual ratio
Subitem of within one year			
Within 1 year	12,869,383.83	0.00	
1-2 years	1,273,075.20	63,653.76	5.00%
2-3 years	188,507.50	18,850.75	10.00%
Over 3 years	1,573,159.51	235,973.92	15.00%
3-4 years	748,187.20	112,228.08	15.00%
4-5 years	209,434.84	31,415.22	15.00%
5 years above	615,537.47	92,330.62	15.00%
Total	15,904,126.04	318,478.43	2.00%

Explanations on combination determine:

Nil

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 204,763.50 Yuan; the amount collected or switches back amounting to 10,564.23 Yuan.

Major bad debt provision collected or switch back:

In RMB

Name	Amount	Method
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Nil

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

In RMB

Name	Amount
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Other major receivables actually written-off: Nil

In RMB

Unit name	Nature of other receivables	Write off amount	Write off reason	Performance write off procedure	Whether the money is generated by related party transactions
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Other note: Nil

(4) Nature classification for other receivables

In RMB

Item	Closing book balance	Opening book balance
Margin and deposit	4,227,675.52	3,683,788.00
VAT rebates receivables	296,913.30	454,807.35
Intercourse funds and other	48,702,715.22	45,046,177.46
Total	53,227,304.04	49,184,772.81

(5) Top five units in other account receivable at closing balance

In RMB

Name	Amount nature	Closing balance	Age	Ratio in total other account receivable at closing balance	Bad debt provision Closing balance
Changzhou Shenbao Chacang e-commerce Limited	Intercourse funds	19,745,382.18	1-3 years and above	37.10%	8,839,247.89
Shichu Mingmen	Intercourse funds	2,006,499.85	Within 1 year	3.77%	
Hangzhou Youyu Food Shop in Shangcheng District	Pay rent for another	1,600,000.00	Within 1 year	3.01%	
Hangzhou Xiaoshan International Airport Co., Ltd.	Margin	1,343,786.53	Within 1 year and 1-2 years	2.52%	13,875.00
Zhejiang Shishang Qitian Culture Creativity Co., Ltd.	Pay rent for another	1,000,000.00	Within 1 year	1.88%	
Total	--	25,695,668.56	--	48.28%	8,853,122.89

(6) Account receivables related to government subsidies

In RMB

Unit name	Government assistance project name	Closing balance	Closing age	Estimated time, amount and basis
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Nil

(7) Other receivable for termination of confirmation due to the transfer of financial assets

Nil

(8) The amount of assets and liabilities that are transferred other receivable and continued to be involved

Nil

Other note: Nil

6. Inventory

Whether the company needs to comply with the disclosure requirements of the real estate industry

No

(1) Types

In RMB

Items	Closing balance			Opening balance		
	Book balance	Falling price reserves	Book value	Book balance	Falling price reserves	Book value
Raw materials	71,829,063.76	3,869,665.51	67,959,398.25	65,391,782.65	3,869,665.51	61,522,117.14
Goods in process	33,280,358.26	328,209.99	32,952,148.27	28,856,613.35	328,209.99	28,528,403.36
Finished goods	34,390,824.94	1,328,404.27	33,062,420.67	40,266,937.30	1,774,575.14	38,492,362.16
Goods in transit	10,260,276.65		10,260,276.65	6,509,501.82		6,509,501.82
Materials processed on commission	5,384,608.18	5,290,502.32	94,105.86	5,341,566.56	5,290,502.32	51,064.24
Wrappage	5,796,783.35	649,825.76	5,146,957.59	6,497,436.43	649,825.76	5,847,610.67
Total	160,941,915.14	11,466,607.85	149,475,307.29	152,863,838.11	11,912,778.72	140,951,059.39

Does the Company comply with the disclosure requirement of “Information Disclosure Guidelines of Shenzhen Stock Exchange No.4 – Listed Companies Engaged in Seed Industry and Planting Business” or not

No

(2) Inventory falling price reserves

In RMB

Type	Opening balance	Current amount increased		Current amount decreased		Closing balance
		Accrual	Other	Switch back/ Written off	Other	
Raw materials	3,869,665.51					3,869,665.51
Goods in process	328,209.99					328,209.99
Finished goods	1,774,575.14			446,170.87		1,328,404.27
Work in process-outsourced	5,290,502.32					5,290,502.32
Wrappage	649,825.76					649,825.76
Total	11,912,778.72			446,170.87		11,466,607.85

(3) Explanation on inventories with capitalization of borrowing costs included at ending balance

Nil

(4) Assets unsettled formed by construction contract which has completed at period-end

In RMB

Item	Amount
------	--------

Other note: Nil

7. Other current assets

In RMB

Item	Closing balance	Opening balance
VAT input tax ready for deduction	1,856,403.28	1,949,954.58
Financial products held to maturity within one year	90,000,000.00	9,350,000.00
Total	91,856,403.28	11,299,954.58

Other note: Nil

8. Financial assets available for sale

(1) Financial assets available for sale

In RMB

Item	Closing balance			Opening balance		
	Book balance	Depreciation reserves	Book balance	Depreciation reserves	Book balance	Depreciation reserves
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 fair value at period-end

In RMB

Type	Instrument equity available for sale	Instrument debt available for sale		Total
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Nil

(3) Financial assets available for sale measured by cost at period-end

In RMB

Investee unit	Book balance				Depreciation reserves				Ratio of share-holding in invested entity	Current cash dividend
	Opening balance	Current increased	Current decreased	Closing balance	Opening balance	Current increased	Current decreased	Closing balance		
Shenzhen Sanjiu Weitai Capsules Co., Ltd.	2,480,000.00			2,480,000.00	2,480,000.00			2,480,000.00	0.95%	
Shenzhen Tianji Photoelectric Technology Industrial Co., Ltd. *1	15,000,000.00			15,000,000.00	15,000,000.00			15,000,000.00	3.77%	
Beijing Tiantan Co., Ltd. *2	57,500.00			57,500.00						
Total	17,537,500.00			17,537,500.00	17,480,000.00			17,480,000.00	--	

(4) Change of financial assets depreciation for sale during reporting period

In RMB

Type	Instrument equity available for sale	Instrument debt available for sale		Total
Balance of impairment accrual at period-begin	17,480,000.00			17,480,000.00
Balance of impairment accrual at period-end	17,480,000.00			17,480,000.00

(5) Fair value of the available-for-sale equity instrument drops significantly or not contemporarily without depreciation reserves accrued

In RMB

Equity instruments project available for sale	Investment cost	Ending fair value	Decline range of fair value compare with the cost	Times continued to declined (Monthe)	Amount accrual for impairment	Rasons for un-accrual

Other note: Nil

9. Long-term equity investment

In RMB

Investee unit	Opening book balance	-,+ in the Period								Closing book 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 (Xinmin) Foods Co., Ltd*1	2,870,000.00									2,870,000.00	2,870,000.00
Changzhou Shenbao Chacang E-commerce Co., Ltd *2	0.00									0.00	
Shenzhen Shenbao (Liaoyuan) Industrial Co., Ltd.*1	57,628.53									57,628.53	57,628.53
Shenzhen Shenbao Ma Nan Bio-technology Co., Ltd.	1,057,570.23			-1,986.37						1,055,583.86	

Shichu Mingmen *3	0.00									0.00	
Guangzho u Shenbao Mendao Tea Co., Ltd.	4,808,911 .40			-157,257. 67						4,651,653 .73	
Subtotal	8,794,110 .16			-159,244. 04						8,634,866 .12	2,927,628 .53
Total	8,794,110 .16			-159,244. 04						8,634,866 .12	2,927,628 .53

Other explanation

* 1: The two companies have established for a long time but have been revoked business license now, and have been made provision for impairment in full due to not being liquidated.

* 2: Check and calculate the long-term equity investment of Shenzhen Co., Ltd. by the equity method, due to the serious losses of Changzhou Shenbao Tea Warehousing E-commerce Co., Ltd., the book balance of its long-term equity investment is zero.

* 3: Check and calculate the long-term equity investment of Shenzhen Shichumingmen Restaurant Management Co., Ltd. by the equity method, due to the serious losses of Shenzhen Shichumingmen Restaurant Management Co., Ltd., the book balance of its long-term equity investment is zero.

10. Investment real estate

(1) Investment real estate measured at cost

Applicable Not applicable

In RMB

Item	House and building	Land use right	Construction in process	Total
I. Total original book value				
1. Opening balance	19,834,643.51			19,834,643.51
2. Current amount increased				
(1) Purchase				
(2) Stock\fixed assets \Transfer-in from construction in process				
(3) Increased by combination				
3. Current amount decreased				

(1) Disposal				
(2) Other transfer-out				
4. Closing balance	19,834,643.51			19,834,643.51
II. accumulated depreciation and accumulated amortization				
1. Opening balance	961,778.15			961,778.15
2. Current amount increased	235,795.16			235,795.16
(1) Accrual or amortization	235,795.16			235,795.16
3. Current amount decreased				
(1) Disposal				
(2) Other transfer-out				
4. Closing balance	1,197,573.31			1,197,573.31
III. impairment provision				
1. Opening balance				
2. Current amount increased				
(1) Accrual				
3. Current amount decreased				
(1) Disposal				
(2) Other transfer-out				
4. Closing balance				
IV. Book value Total				
1. Ending book value	18,637,070.20			18,637,070.20
2. Opening book value	18,872,865.36			18,872,865.36

(2) Investment real estate measured by fair value

Applicable Not applicable

(3) Certificate of title un-completed

In RMB

Item	Book value	Reasons
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Other note: Nil

11. Fixed assets

(1) Fixed assets

In RMB

Item	House & buildings	Machinery equipment	Transportation facilities	Other equipment	Total
I. Total original book value					
1. Opening balance	256,205,988.92	233,505,726.87	7,402,854.55	15,961,444.60	513,076,014.94
2. Current amount increased	48,653.88	1,126,959.08	91,948.71	291,479.22	1,559,040.89
(1) Purchase	48,653.88	1,126,959.08	91,948.71	291,479.22	1,559,040.89
(2) Transfer-in from construction in process					
(3) Increased by combination					
3. Current amount decreased			378,430.00	218,644.10	597,074.10
(1) Disposal or scrap			378,430.00	218,644.10	597,074.10
4. Closing balance	256,254,642.80	234,632,685.95	7,116,373.26	16,034,279.72	514,037,981.73
II. accumulated depreciation					
1. Opening balance	29,168,595.82	133,139,998.42	4,372,504.62	7,736,906.67	174,418,005.53
2. Current amount increased	3,878,822.46	5,792,745.41	298,217.57	755,419.02	10,725,204.46
(1) Accrual	3,878,822.46	5,792,745.41	298,217.57	755,419.02	10,725,204.46
3. Current amount decreased			347,724.13	195,038.98	542,763.11
(1) Disposal or scrap			347,724.13	195,038.98	542,763.11
4. Closing balance	33,047,418.28	138,932,743.83	4,322,998.06	8,297,286.71	184,600,446.88
III. impairment provision					
1. Opening balance	1,355,290.18	4,288,951.37			5,644,241.55
2. Current amount increased					
(1) Accrual					
3. Current amount decreased					

(1) Disposal or scrap					
4. Closing balance	1,355,290.18	4,288,951.37			5,644,241.55
IV. Book value Total					
1. Ending book value	221,851,934.34	91,410,990.75	2,793,375.20	7,736,993.01	323,793,293.30
2. Opening book value	225,682,102.92	96,076,777.08	3,030,349.93	8,224,537.93	333,013,767.86

(2) Temporarily idle fixed assets

In RMB

Item	Original book value	Accumulated depreciation	Provision for impairment	Book value	Note
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Nil

(3) Fixed assets acquired by financing lease

In RMB

Item	Original book value	Accumulated depreciation	Provision for impairment	Book value
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Nil

(4) Fixed assets acquired by operating lease

In RMB

Item	Ending book value
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Nil

(5) Certificate of title un-completed

In RMB

Item	Book value	Reasons
House and building	1,744,810.75	In progress

Other note: Nil

12. Construction in process

(1) Construction in process

In RMB

Item	Closing balance			Opening balance		
	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	
Other	957,764.08	903,189.74	54,574.34	957,764.08	903,189.74	54,574.34
Total	4,800,097.72	4,745,523.38	54,574.34	4,800,097.72	4,745,523.38	54,574.34

(2) Changes of major construction in process

In RMB

Projects	Budget	Opening balance	Current increased	Transfer-in fixed assets	Other decrease d in the Period	Closing balance	Proporti on of project investme nt in budget	Progress	Accumul ated capitaliz ation of interest	Includin g: amount of capitaliz ation of interest in Period	Interest capitaliz ation rate in Period	Capital resources
Nil												

Nil

(3) The provision for impairment of construction projects

In RMB

Item	Provision amount	Reason
Other note: Nil		

Other note: Nil

13. Productive biological assets

(1) Productive biological assets measured by cost

applicable not applicable

In RMB

Item	Plant	Livestock	Forestry	Fisheries	Total
	Tea tree				
I. Total original book value					
1. Opening balance	436,156.00				436,156.00
2. Current amount increased					
(1) Purchase					
(2)self-cultivate					

3. Current amount decreased					
(1) Disposal					
(2) Other					
4. Closing balance	436,156.00				436,156.00
II. accumulated depreciation					
1. Opening balance	9,692.36				9,692.36
2. Current amount increased	4,846.18				4,846.18
(1) Accrual	4,846.18				4,846.18
3. Current amount decreased					
(1) Disposal					
(2) Other					
4. Closing balance	14,538.54				14,538.54
III. impairment provision					
1. Opening balance					
2. Current amount increased					
(1) Accrual					
3. Current amount decreased					
(1) Disposal					
(2) Other					
4. Closing balance					
IV. Book value Total					
1. Ending book value	421,617.46				421,617.46
2. Opening book value	426,463.64				426,463.64

(2) Productive biological assets measured by fair value

Applicable Not applicable

14. Intangible assets**(1) Intangible assets**

In RMB

Item	Land using right	Patent	Un-patent tech	Other	Total
I. Total original book value					
1. Opening balance	172,549,352.87	46,260,818.89	3,690,648.83	22,871,704.98	245,372,525.57
2. Current amount increased					
Purchase					
(2) internal R&D					
(3) Increased by combination					
3. Current amount decreased					
(1) Disposal					
4. Closing balance	172,549,352.87	46,260,818.89	3,690,648.83	22,871,704.98	245,372,525.57
II. accumulated depreciation					
1. Opening balance	25,205,877.83	20,292,151.69	1,000,768.43	3,195,374.04	49,694,171.99
2. Current amount increased	1,752,219.67	1,302,083.56	249,795.74	221,795.07	3,525,894.04
(1) Accrual	1,752,219.67	1,302,083.56	249,795.74	221,795.07	3,525,894.04
3. Current amount decreased					
(1) Disposal					
4. Closing balance	26,958,097.50	21,594,235.25	1,250,564.17	3,417,169.11	53,220,066.03
III. impairment provision					
1. Opening balance					
2. Current amount increased					
(1) Accrual					
3. Current amount decreased					
(1) Accrual					

4. Closing balance					
IV. Book value Total					
1. Ending book value	145,591,255.37	24,666,583.64	2,440,084.66	19,454,535.87	192,152,459.54
2. Opening book value	147,343,475.04	25,968,667.20	2,689,880.40	19,676,330.94	195,678,353.58

Ratio of the intangible assets from internal R&D in balance of intangible assets at period-end was 0.60%.

(2) Land use rights without certificate of ownership

In RMB

Item	Book value	Reason of not complete the property certificate
Forest tenure of Shenbao Rock Tea	11,966,959.82	In procedure

Other note: Nil

15. Development expense

In RMB

Item	Opening balance	Amount of current increase		Amount of current decrease		Closing balance
Project I		188,849.68				188,849.68
Project II		202,490.87				202,490.87
Project III		72,760.75				72,760.75
Project IV		132,428.66				132,428.66
Project V		92,785.20				92,785.20
Project VI		189,651.02				189,651.02
Project VII		102,509.15				102,509.15
Project VIII		180,679.13				180,679.13
Total		1,162,154.46				1,162,154.46

Other note: Nil

16. Goodwill

(1) Original book value of goodwill

In RMB

The invested entity or items	Opening balance	Increase during the year		Decreased during the year		Closing balance
Yunnan Tea Trading Center	673,940.32					673,940.32

Total	673,940.32				673,940.32
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(2) Goodwill depreciation reserves

In RMB

The invested entity or items	Opening balance	Increase during the year	Decreased during the year	Closing balance
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Explain process of impairment test, index and determination: Nil

Other note:

Hangzhou Ju Fang Yong, a subsidiary of the Company, invested and purchased 15.00% equity stake of Pu'er Tea Exchange held by Yunnan Hengfengxiang Investment Co., Ltd. in May 2016. After the completion of the purchase, the Company has control right to Pu'er Tea Exchange. The balance between the combined cost and the fair value of net identifiable assets on consolidated date formed goodwill of RMB 673,940.32.

17. Long-term deferred expense

In RMB

Item	Opening balance	Current increased	Current amortization	Other decreased	Closing balance
Decoration charge	6,976,452.89	1,258,048.03	1,641,194.86		6,593,306.06
Affiliated project of resident area in Jufangyong Wuyuan	699,319.22		154,681.60		544,637.62
Reform of tea park in Wuyuan	22,666.65		7,999.99		14,666.66
Reform project of warehouse	1,680,033.10	175,000.30	380,122.39		1,474,911.01
Lease of workshop and office building	225,350.00		135,210.00		90,140.00
Other	3,708,367.73	24,255.99	477,994.52		3,254,629.20
Total	13,312,189.59	1,457,304.32	2,797,203.36		11,972,290.55

Other note: Nil

18. Deferred income tax assets and deferred income tax liability

(1) Deferred income tax assets without offset

In RMB

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Impairment provision for	19,141,605.62	4,881,746.94	19,564,737.19	4,830,556.06

assets				
Deferred income	570,769.24	142,692.31	570,769.24	142,692.31
Total	19,712,374.86	5,024,439.25	20,135,506.43	4,973,248.37

(2) Deferred income tax liability without offset

In RMB

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred income tax liability	Taxable temporary differences	Deferred income tax liability
Asset evaluation increment of enterprise combine under different control	4,293,505.03	1,073,376.26	4,445,245.52	1,111,311.38
Change of fair value for the financial assets available for sale	1,179,110.27	294,777.57	2,169,872.52	542,468.13
Total	5,472,615.30	1,368,153.83	6,615,118.04	1,653,779.51

(3) Deferred income tax assets and deferred income tax liabilities listed after off-set

In RMB

Item	Trade-off between the deferred income tax assets and liabilities	Ending balance of deferred income tax assets or liabilities after off-set	Trade-off between the deferred income tax assets and liabilities at period-begin	Opening balance of deferred income tax assets or liabilities after off-set
Deferred income tax assets		5,024,439.25		4,973,248.37
Deferred income tax liabilities		1,368,153.83		1,653,779.51

(4) Details of uncertain deferred income tax assets

In RMB

Item	Closing balance	Opening balance
Deductible temporary differences	70,322,131.88	70,745,263.45
Losses deductible	73,822,026.16	55,242,461.48
Total	144,144,158.04	125,987,724.93

(5) Deductible losses of un-recognized deferred income tax assets expired on the followed year

In RMB

Year	Ending amount	Opening amount	Note
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Other note: Nil

19. Short-term loans

(1) Short-term loans

In RMB

Type	Closing balance	Opening balance
Guarantee loan	10,000,000.00	5,000,000.00
Total	10,000,000.00	5,000,000.00

Note:

Among the guarantee loan, the 10 million Yuan refers to the loans from Shenzhen Branch of Agricultural Bank of China under the name of the Company, and with the joint liability guaranty from subsidiary Shenbao Huacheng.

(2) Overdue short-term loans without payment

RMB 0 short-term loans over due without paid at period-end, including follow major amount:

In RMB

Loan unit	Closing balance	Loan rate	Overdue time	Overdue interest
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Other note: Nil

20. Account payables

(1) Account payables

In RMB

Item	Closing balance	Opening balance
Within 1 year	17,415,899.47	11,401,741.46
1-2 years	1,274,417.42	619,763.06
2-3 years	270,658.16	81,285.32
Over 3 years	3,684,234.74	3,679,498.45
Total	22,645,209.79	15,782,288.29

(2) Major accounts payable with age over 1 year

In RMB

Name	Closing balance	Reasons of outstanding or carry-over
Supplier 1	518,655.52	Uncertain whether need to be paid

Supplier 2	515,892.30	Uncertain whether need to be paid
Total	1,034,547.82	--

Other note: Nil

21. Account received in advance

(1) Account received in advance

In RMB		
Item	Closing balance	Opening balance
Within 1 year	2,923,378.98	1,582,442.08
1-2 years	22,733.11	20,824.77
2-3 years	1,175.11	1,175.11
Over 3 years	775,382.17	775,382.17
Total	3,722,669.37	2,379,824.13

(2) Important account payable with account age over one year

In RMB		
Item	Closing balance	Reason

(3) Project settled without completed in construction at period-end

In RMB	
Item	Amount

Other note: Nil

22. Wages payable

(1) Wages payable

In RMB				
Item	Opening balance	Current increased	Current decreased	Closing balance
I. Short-term compensation	16,013,302.23	35,366,159.63	42,249,708.96	9,129,752.90
II. After-service welfare-defined contribution plans	266,404.61	2,732,705.21	2,745,097.88	254,011.94
Total	16,279,706.84	38,098,864.84	44,994,806.84	9,383,764.84

(2) Short-term remuneration

In RMB

Item	Opening balance	Current increased	Current decreased	Closing balance
1. Wage, bonus, allowance and subsidy	13,926,638.79	27,549,088.14	34,648,823.05	6,826,903.88
2. Employees' welfare		3,620,490.60	3,620,490.60	
3. Social insurance charges	37,917.96	1,162,125.93	1,180,222.31	19,821.58
Including: basic medical insurance premium	33,867.62	1,007,384.53	1,024,472.23	16,779.92
Industrial injury insurance premiums	747.55	76,858.72	77,093.52	512.75
Maternity insurance premiums	3,302.79	77,882.68	78,656.55	2,528.92
4. Housing public reserve		1,987,870.74	1,987,870.74	
5. Trade union fee and education fee	2,048,745.48	1,046,584.22	812,302.26	2,283,027.44
Total	16,013,302.23	35,366,159.63	42,249,708.96	9,129,752.90

(3) Defined contribution plans

In RMB

Item	Opening balance	Current increased	Current decreased	Closing balance
1. Basic endowment insurance premiums	262,640.68	2,648,823.20	2,660,038.53	251,425.35
2. Unemployment insurance premiums	3,763.93	83,882.01	85,059.35	2,586.59
Total	266,404.61	2,732,705.21	2,745,097.88	254,011.94

Other note: Nil

23. Tax payable

In RMB

Item	Closing balance	Opening balance
VAT	1,050,206.69	875,568.98
Enterprise income tax	3,437,808.27	24,416,713.98
Personal income tax	232,918.38	549,066.33
Urban maintenance and construction tax	78,519.60	36,241.36
House property tax	172,745.19	148,805.39
Surtax for education expenses	60,267.06	26,677.72
Use tax of land	125,174.33	125,174.33
Other tax fee	85,005.96	166,890.44

Total	5,242,645.48	26,345,138.53
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Other note: Nil

24. Dividend payable

In RMB

Name	Closing balance	Opening balance
Other	2,909,182.74	2,909,182.74
Total	2,909,182.74	2,909,182.74

Other note, including payable dividend unpaid with over one year, disclosure reasons: Nil

25. Other account payables

(1) Listed by age

In RMB

Item	Closing balance	Opening balance
Deposit and margin	1,086,467.98	2,090,774.94
Engineering quality retention money and fund of tail	199,541.37	17,097.62
Intercourse funds and other	41,120,543.75	38,588,210.38
Fund lending	5,538,429.19	5,423,607.31
Total	47,944,982.29	46,119,690.25

(2) Significant other payable with over one year age

In RMB

Item	Closing balance	Reasons of un-paid or carry-over
Shenzhen Nongdimei Investment Management Co., Ltd.	5,538,429.19	Fund lending
Shenzhen Investment Management Company	3,510,297.20	Historical payment
Total	9,048,726.39	--

Other note: Nil

26. Deferred income

In RMB

Item	Opening balance	Increase during the year	Decreased during the year	Closing balance	Causes
Government grants	12,335,552.15		583,516.86	11,752,035.29	

Total	12,335,552.15		583,516.86	11,752,035.29	--
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Items involving governance grants:

In RMB

Liability	Opening balance	Grants increased in the Period	Amount reckoned into non-operating revenue	Other changes	Ending balance	Assets-related/ income-related
1) Subsidy for tea seeding of New Tea Garden in Wangkou	48,348.52			554.64	47,793.88	Assets-related
2) Construction amount for 50 tons for clearly processing for Mingyou tea	750,000.00		62,500.00		687,500.00	Assets-related
3) Industrialization project of instant tea powder	2,477,028.41		98,222.94		2,378,805.47	Assets-related
4) Special fund project of strategic emerging industry development	20,123.05				20,123.05	Assets-related
(5) Base of further processing for tea and nature plants	1,650,000.00		137,500.00		1,512,500.00	Assets-related
6) Enterprise technology center is a municipal R&D center. Subsidies for industrial technological advancement	2,395,350.11		102,012.27		2,293,337.84	Assets-related
7) Subsidies for key technology research and industrialization of instant tea powder	181,501.23		7,122.50		174,378.73	Assets-related
8) Subsidy of Guangdong-Agricultural public relation project	1,120.58				1,120.58	Assets-related
9) Special funds	4,241,311.01		175,604.51		4,065,706.50	Assets-related

for Shenzhen strategic emerging industrial development						
(10) Project grants for years for agricultural disctrict, Xihu Zone	570,769.24				570,769.24	Assets-related
Total	12,335,552.15		582,962.22	554.64	11,752,035.29	

Other note: Nil

27. Share capital

In RMB

	Opening balance	Increased (decreased) in this year +,-					Closing balance
		New shares issued	Bonus shares	Shares converted from public reserve	Other	Sub-total	
Total shares	451,620,276.00		45,162,027.00			45,162,027.00	496,782,303.00

Other note:

On May 15, 2017, the shareholders' general meeting of the Company examined and approved the Annual Equity Distribution Plan for 2016, took the general capital of 451,620,276 shares up to December 31, 2016 as the cardinal number and sent bonus shares of one share per every 10 shares to all shareholders. The capital stock increased to 496,782,303 shares after sending the bonus shares.

28. Capital reserves

Item	Opening balance	Current increased	Current decreased	Closing balance
Capital premium (share premium)	366,706,783.36			366,706,783.36
Other capital reserves	465,234.43			465,234.43
Total	367,172,017.79			367,172,017.79

Other instructions, including changes in the current period, reasons for the change: Nil

29. Surplus reserves

In RMB

Item	Opening balance	Current increased	Current decreased	Closing balance
Statutory surplus reserve	54,736,482.14			54,736,482.14
Total	54,736,482.14			54,736,482.14

Instructions, including changes in the current period, reasons for the change: Nil

30. Retained profit

In RMB

Item	This period	Last period
Retained profit at the end of the previous year before adjustment	158,239,612.94	66,684,572.93
Total retained profit at the beginning of the previous year before adjustment	158,239,612.94	66,684,572.93
Add: net profit attributable to shareholder of parent company	-17,759,776.83	96,620,658.92
Less: Exact Statutory surplus reserves		5,065,618.91
Dividend for common shares payable	22,581,013.80	
Dividend of common shares transferred	45,162,027.00	
Retained profit at the begin of the year after adjustment	72,736,795.31	158,239,612.94

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

31. Operating income and Operating cost

In RMB

Items	Current Period		Last Period	
	Income	Cost	Income	Cost
Main operating	136,473,406.96	103,182,564.29	146,569,809.91	116,893,235.04
Other operating	1,684,975.99	1,218,275.03	2,585,719.80	
Total	138,158,382.95	104,400,839.32	149,155,529.71	116,893,235.04

32. Tax and surcharges

In RMB

Item	Current Period	Last Period
City maintenance and construction tax	570,241.97	431,109.87
Educational fee and extra	437,060.65	324,406.46

Property tax	748,577.58	
Land use tax	653,330.76	
Stamp tax	45,522.53	
Business tax		190,365.07
Total	2,454,733.49	945,881.40

Other note: Nil

33. Sales expenses

In RMB

Item	Current Period	Last Period
Employee compensation and employee costs	8,415,437.33	8,939,930.99
Rental and utilities	4,486,810.13	3,068,591.19
Depreciation and amortization expenses	1,306,854.39	1,756,086.17
Goods transport miscellaneous expenses	3,571,058.05	3,357,828.74
Sales discounts, promotion fee and advertising expenses	1,016,356.24	1,614,396.47
Daily office expenses	1,894,181.18	1,566,521.12
Others	483,709.99	297,928.50
Total	21,174,407.31	20,601,283.18

Other note: Nil

34. Management expenses

In RMB

Item	Current Period	Last Period
Employee compensation and employee costs	18,059,573.89	17,348,437.24
Rental and utilities	1,253,438.85	1,242,451.04
Depreciation and amortization expenses	6,715,698.24	7,744,370.44
Intermediary and disclosure expenses	1,408,462.38	838,287.74
Tax and fee		1,531,982.39
Daily office expenses	4,376,421.31	4,455,006.68
Others	1,269,189.09	1,209,163.64
Total	33,082,783.76	34,369,699.17

Other note: Nil

35. Financial expenses

In RMB

Category	Current Period	Last Period
Interest expense	-57,803.94	920,938.21
Less: interest income	-1,951,838.54	-791,028.37
Exchange loss	213,930.71	
Others	262,314.75	158,133.30
Total	-1,533,397.02	213,297.58

Other note:

Interest costs in the period amounted as 325,296.06 Yuan, discount loans amounted as 383,100.00 Yuan.

36. Asset impairment loss

In RMB

Item	Current Period	Last Period
I. Bad debt losses	190,677.29	193,984.48
Total	190,677.29	193,984.48

Other note: Nil

37. Gains /losses 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	-990,762.24	-848,856.19
Total	-990,762.24	-848,856.19

Other note: Nil

38. Investment gains

In RMB

Item	Current Period	Last Period
Long-term equity investment gains recognized under equity method	-159,244.04	-2,144,995.21
Investment income from disposal of long-term equity investment		581,171.70
Earnings from financing products	1,252,661.10	665,169.36
Total	1,093,417.06	-898,654.15

Other note: Nil

39. Non-operating income

In RMB

Item	Current Period	Last Period	Amount included in the current non-recurring profit and loss
Total income from disposal of non-current assets	12,532.09	1,609.60	12,532.09
Including: fixed assets disposal gains	12,532.09	1,609.60	12,532.09
Government grants	618,962.22	1,876,962.20	618,962.22
Satisfaction		3,733,754.39	
Compensation	325,918.95		325,918.95
Other	66,816.28	606,091.10	66,816.28
Total	1,024,229.54	6,218,417.29	1,407,329.54

Government subsidy reckoned into current gains/losses:

In RMB

Item	Issuing subject	Issuing cause	Property type	Whether the impact of subsidies on the current profit and loss	Whether special subsidies	Amount of this period	Amount of last period	Assets related/Income related
Deferred income transfer-in				No	No	582,962.22	520,462.20	Assets related
Award of "Three Grade Standards" from Agricultural Bureau	Tea Bureau of Wuyuan Country	Award	Subsidies obtained from engaging in specific businesses and industries encouraged and supported by the country (obtained by the national level policies and stipulations according to law)	No	No	30,000.00		Income related
Market	Shenzhen	Subsidy	Subsidies	No	No	6,000.00		Income

Supervision Bureau - Patent funded subsidies	Market Supervisory Authority		obtained from engaging in specific businesses and industries encouraged and supported by the country (obtained by the national level policies and stipulations according to law)					related
Xinjiang excellence funded 866 projects	Wuyuan County Committee Organization Department of the Communist Party of China	Award	Subsidies obtained from engaging in specific businesses and industries encouraged and supported by the country (obtained by the national level policies and stipulations according to law)	No	No		100,000.00	Income related
Gan po 555 excellence projects funded	Wuyuan County Committee Organization Department of the Communist Party of	Award	Subsidy for national commitment to safeguard certain public utilities or socially necessary product	No	No		400,000.00	Income related

	China		supply					
Market Supervision Bureau - Patent funded subsidies	Shenzhen Market Supervisory Authority	Subsidy	Subsidies obtained from engaging in specific businesses and industries encouraged and supported by the country (obtained by the national level policies and stipulations according to law)	No	No		10,000.00	Income related
Patent grants from Economy, Trade and Information Commission of Shenzhen municipality	Shenzhen Market Supervisory Authority	Subsidy	Subsidies obtained from engaging in specific businesses and industries encouraged and supported by the country (obtained by the national level policies and stipulations according to law)	No	No		4,000.00	Income related
Loan discount of agriculture industrialization for key leading	Shenzhen Municipal Finance Committee	Subsidy	Subsidy for national commitment to safeguard certain public utilities or	No	No		79,500.00	Income related

enterprises			socially necessary product supply					
Tax incentive for tea industry	Finance Bureau of Wuyi Mount	Award	Subsidy for national commitment to safeguard certain public utilities or socially necessary product supply	No	No		63,000.00	Income related
Enterprise financial aid for “scale-up” from Huangzhou Hi-Tech Disctric (Bingjiang)	Finance Office of Bingjiang District	Subsidy	Subsidy for national commitment to safeguard certain public utilities or socially necessary product supply	No	No		700,000.00	Income related
Total	--	--	--	--	--	618,962.22	1,876,962.20	--

Other note: Nil

40. Non-operating expenditure

In RMB

Item	Current Period	Last Period	Amount reckoned into current non-recurring gains/losses
Non-current assets disposal losses	33,547.35	8,020.41	33,547.35
Including: fixed assets disposal losses	33,547.35	8,020.41	33,547.35
Loss of non-monetary assets exchange	20,916.00		20,916.00
Other	1,206.68	363,070.33	1,206.68
Total	55,670.03	371,090.74	55,670.03

Other note: Nil

41. Income tax expense

(1) Statement of income tax expenses

In RMB

Item	Current Period	Last Period
Current income tax expenses	335,468.02	213,824.12
Deferred income tax expenses	-298,881.44	-715,569.21
Total	36,586.58	-501,745.09

(2) Adjustment process of accounting profit and income tax expenses

In RMB

Item	Current Period
Total profit	-20,540,446.87
Income tax expenses calculated by statutory tax rate	-5,135,111.72
Impact from previous income tax adjusted	156,714.09
Impact on deductible temporary differences or losses deductible which was un-recognized as deferred income tax assets	5,014,984.21
Income tax expense	36,586.58

Other note: Nil

42. Annotation of cash flow statement

(1) Cash received with other operating activities concerned

In RMB

Item	This Period	Last Period
Interest income	1,723,814.05	521,408.99
Government grants	419,100.00	1,214,000.00
Intercourse funds and other	4,205,388.32	29,428,598.18
Total	6,348,302.37	31,164,007.17

Note of cash received with other operating activities concerned: Nil

(2) Cash paid with other operating activities concerned

In RMB

Item	This Period	Last Period
Expenses	14,640,748.15	15,943,042.18

Intercourse funds and other	5,939,319.21	6,826,064.43
Total	20,580,067.36	22,769,106.61

Note of cash paid with other operating activities concerned: Nil

(3) Cash received with other investment activities concerned

In RMB

Item	This Period	Last Period
Financing income		665,169.36
Total		665,169.36

Note of cash received with other investment activities concerned: Nil

(4) Cash paid related with investment activities

In RMB

Item	This Period	Last Period

Note of cash paid related with investment activities: Nil

(5) Cash received with other financing activities concerned

In RMB

Item	This Period	Last Period
Sales of odd lots from increase by transferring		79.19
Total		79.19

Note of cash received with other financing activities concerned: Nil

(6) Cash paid related with financing activities

In RMB

Item	This Period	Last Period

Note of cash paid related with financing activities: Nil

43. 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	-20,577,033.45	-19,460,289.84
Add: Impairment provision for assets	190,677.29	193,984.48
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	10,965,845.80	10,959,250.11
Amortization of intangible assets	3,525,894.04	3,422,961.19
Amortization of long-term deferred expenses	2,797,203.36	3,035,193.13
Loss from disposal of fixed assets, intangible assets and other long-term assets (income is listed with "-")	33,547.35	8,020.41
Loss from change of fair value (income is listed with "-")	990,762.24	848,856.19
Financial expenses (income is listed with "-")	539,226.77	663,430.88
Investment loss (income is listed with "-")	-1,093,417.06	898,654.15
Decrease of deferred income tax assets (increase is listed with "-")	-51,190.88	-263,404.93
Increase of deferred income tax liability (decrease is listed with "-")	-285,625.68	-490,099.40
Decrease of inventory (increase is listed with "-")	-8,524,247.90	11,434,920.70
Decrease of operating receivable accounts(increase is listed with "-")	-14,650,942.01	8,158,346.27
Increase of operating payable accounts(decrease is listed with "-")	-24,293,348.02	12,188,124.02
Net cash flow arising from operating activities	-50,432,648.15	31,597,947.36
2. Material investment and financing not involved in cash flow:	--	--
3. Net change of cash and cash equivalents	--	--
Balance of cash at period end	205,487,872.79	144,899,052.46
Less: Balance of cash at year-begin	358,564,242.83	147,513,887.15
Net increasing of cash and cash equivalents	-153,076,370.04	-2,614,834.69

(2) Constitution of cash and cash equivalent

In RMB

Item	Closing balance	Opening balance
I. Cash	205,487,872.79	358,564,242.83
Including: Cash on hand	268,174.40	207,519.80
Bank deposit available for payment at any time	205,219,698.39	358,356,723.03

III. Balance of cash and cash equivalent at year-end	205,487,872.79	358,564,242.83
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Other note: Nil

44. Foreign currency monetary items

(1) Foreign currency monetary items

In RMB

Item	Ending foreign currency balance	Exchange rate convert	Ending balance of RMB converted
Including: USD	113,635.74	6.77440	769,813.96
HKD	98,815.33	0.86792	85,763.80
Including: USD	346,033.20	6.77440	2,344,167.31

Other note:

(2) Explanation on foreign operational entity, including as for the major foreign operational entity, disclosed main operation place, book-keeping currency and basis for selection; if the book-keeping currency changed, explain reasons

Applicable Not applicable

VIII. 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
Wuyuan Jufangyong	Shangrao	Shangrao	Manufacturing	100.00%		Establishment
Shenbao Sanjing	Huizhou Huizhou	Shenzhen	Manufacturing	100.00%		Establishment
Huizhou Shenbao Technologies	Huizhou	Huizhou	Comprehensive	100.00%		Establishment
Shenbao Properties	Shenzhen	Shenzhen	Property management	100.00%		Establishment
Shenbao Industrial Trading & Development	Huizhou	Shenzhen	Commerce & trade wholesale	100.00%		Establishment
Hangzhou	Hangzhou	Hangzhou	Comprehensive	100.00%		Establishment

Jufangyong						
Shenbao Technology Center	Shenzhen	Shenzhen	Technology development, consulting and transfer	100.00%		Establishment
Fuhaitang Ecological	Hangzhou	Hangzhou	Planting, production and sales of tea		100.00%	Acquisition
Chunshi Network	Hangzhou	Hangzhou	Commerce & trade; wholesale		100.00%	Establishment
Shenshenbao Investment	Shenzhen	Shenzhen	Investment management	100.00%		Establishment
Shenshenbao Tea Culture	Shenzhen	Shenzhen	Commerce & trade		65.00%	Establishment
Jufangyong Trading	Shenzhen	Shenzhen	Manufacturing		60.00%	Establishment
Yunnan Supply Chain	Pu'er	Pu'er	Trading, wholesale	100.00%		Establishment
Huizhou Shenbao Food	Shenzhen	Shenzhen	Wholesale	100.00%		
Shenbao Rock Tea	Wuyishan City	Wuyishan City	Manufacturing	100.00%		
Pu'er Tea Exchange Center	Pu'er City	Pu'er City	Service	40.00%	15.00%	Establishment

Explanation on share-holding ratio in subsidiary different from ratio of voting right: Nil

Basis of the invested unit control by the Company though holds half or below voting rights; and the invested unit without controls by the Company but with over half voting rights hold: Nil

Major structured entity included in consolidate statement: Nil

Basis of termination of agent or consigner: Nil

Other note: Nil

(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	Accumulated equity of minority at period-end
Shenzhen Shenbao Tea Culture	35.00%	-1,629,321.11		-4,664,070.01
Pu'er Tea Exchange Center	45.00%	-940,290.71		20,192,618.85

Explanation on holding ratio different from the voting right ratio for minority shareholders: Nil

Other note: Nil

(3) Main finance of the important non-wholly-owned subsidiary

In RMB

Subsidiary	Closing 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
Shenzhen Shenbao Tea Culture	6,408,566.36	2,792,031.73	9,200,598.09	22,526,512.36		22,526,512.36	7,991,358.34	3,888,995.58	11,880,353.92	20,551,065.05		20,551,065.05
Yunnan Tea Trading Center	37,726,730.55	12,106,889.52	49,833,620.07	4,961,133.72		4,961,133.72	35,223,379.95	12,263,329.01	47,486,708.96	524,687.71		524,687.71

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
Shenzhen Shenbao Tea Culture	3,052,329.52	-4,655,203.14	-4,655,203.14	-19,820.18	3,256,699.36	-7,695,232.77	-7,695,232.77	-892,934.59
Yunnan Tea Trading Center	556,614.78	-2,089,534.90	-2,089,534.90	-31,729,663.82	1,509.43	-2,030,153.47	-2,030,153.47	-1,839,025.23

Other note: Nil

2. Equity in joint venture and cooperative enterprise

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

In RMB

	Closing balance /Current Period	Opening balance /Last Period
Joint venture:	--	--
Total numbers measured by share-holding ratio	--	--
Cooperative enterprise:	--	--

Total book value of investments	5,707,237.59	5,866,481.63
Total numbers measured by share-holding ratio	--	--
-- Net profit	-159,244.04	-2,144,995.21
-- Total comprehensive income	-159,244.04	-2,144,995.21

Other note: Nil

(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-commerce Co., Ltd	7,710,869.12	269,729.81	7,980,598.93
Shenzhen Shichumingmen Restaurant Management Co., Ltd.	2,533,011.85	330,991.44	2,864,003.29

Other note: Nil

IX. Disclosure of 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 2017, the top five client's account receivable takes 18.79% in total account receivable of the Company (2016: 35.08%)

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. Market risk

(1) 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 2016 and 2015, the Company did not sign any forward exchange contract or monetary exchange contract.

(2) 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.

Finance department continues to monitor the Company's interest rate level. Appreciation of interest rate will increase cost of our new interest-bearing debts and interest expenditure attributable to floating interest-bearing debts which the Company has not cleared yet. The management would make prompt adjustment according to the latest market conditions.

(3) Price risk

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

X. Disclosure of fair value

1. 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 variation reckoned into current gains/losses	2,260,176.36			2,260,176.36
Total assets sustaining measured by fair value	2,260,176.36			2,260,176.36
II. Non-persistent measure	--	--	--	--

2. Recognized basis for the market price sustaining and non-persistent measured by fair value on first-order

Determination basis refers to the open market price

XI. Related party and related transactions

1. Parent company

Parent company	Registration place	Business nature	Registered capital	Ratio of shareholding on the Company	Ratio of voting right on the Company
Shenzhen Agricultural Products Co., Ltd.	Shenzhen	Development, established, operated and management the agricultural wholesale market, operates marketing leasing business etc.	169,696.41	19.09%	19.09%

Explanation on parent company of the enterprise

Ultimate controller of the Company is Shenzhen Municipal People's Government State-Owned Assets Supervision and Administration Commission.

Other note: Nil

2. Subsidiary

Subsidiary of the Company found more in Note VIII-(I) equity in subsidiary

3. Cooperative enterprise and joint venture

Joint Venture of the Company found more in Note VIII-(II) equity in joint Venture

Other cooperative enterprise and joint venture that have related transaction with the Company in the Period or occurred in previous period

Name	Relationship
------	--------------

Other note: Nil

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
Shenzhen Nongdimei Investment Management Co., Ltd.	Minority shareholder of the Holding subsidiary
Shenzhen Shichumingmen Restaurant Management Co., Ltd.	Cooperative enterprise
Changzhou Shenbao Chacang E-commerce Co., Ltd	Cooperative enterprise
Shenzhen Shenbao Manan Biotechnology Co., Ltd	Cooperative enterprise
Guangzhou Shenbao Menda Tea Co., Ltd.	Cooperative enterprise

Other note: Nil

5. Related transaction

(1) Goods purchased and labor service received

Goods purchasing, labor service providing and receiving

In RMB

Related party	Content	Current Period	Approved transaction limit	Whether more than the transaction limit	Amount of last period
Shenzhen Shichumingmen Restaurant Management Co., Ltd.	Raw material	927.50		N	0.00

Goods sold/labor service providing

In RMB

Related party	Content	Current Period	Last Period
Shenzhen Investment Holding Co., Ltd.	Sales of tea		13,233.97

Shenzhen Agricultural Products Co., Ltd.	Sales of tea		175,626.91
Shenzhen Shichumingmen Restaurant Management Co., Ltd.	Active service income	6,442.74	2,840.10

Note of sale of goods/rendering of labor services/labor service offering: Nil

(2) Related lease

As a lessor for the Company:

In RMB

Lessee	Assets type	Lease income in recognized in the Period	Lease income in recognized last the Period
Shenzhen Shichumingmen Restaurant Management Co., Ltd.	Operating site	409,500.00	423,150.00

As lessee:

In RMB

Lesser	Assets type	Lease income in recognized in the Period	Lease income in recognized last the Period
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Explanation on related lease: Nil

(3) Related guarantee

As guarantor

In RMB

Secured party	Guarantee amount	Guarantee start date	Guarantee expiry date	Whether the guarantee has been fulfilled
Shenbao Huacheng	30,000,000.00	2016-7-26	2017-7-25	No

As secured party

In RMB

Guarantor	Guarantee amount	Guarantee start date	Guarantee expiry date	Whether the guarantee has been fulfilled
Shenbao Huacheng	5,000,000.00	2016-10-24	2017-1-28	Yes
Shenbao Huacheng	10,000,000.00	2017-1-11	2018-1-10	No

Related guarantee note: Nil

(4) Related party's borrowed funds

In RMB

Related party	Loan amount	Start date	Expiry date	Note
Borrowing				
Shenzhen Nongdimei Investment Management Co., LTD.	5,250,000.00	2015-12-01	2017-12-31	
Loans				

(5) Other related transactions: Nil

6. Balance of intercourse funds between related parties

(1) Account receivable

In RMB

Item	Related party	Closing balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable	Shenzhen Shichumingmen Restaurant Management Co., Ltd.	25,984.00		13,965.00	
Other account receivable	Changzhou Shenbao Chacang E-commerce Co., Ltd	19,745,382.18	8,839,247.89	19,540,618.68	8,634,484.39
Other account receivable	Shenzhen Shichumingmen Restaurant Management Co., Ltd.	2,006,499.85		2,048,972.70	

(2) Account payable

In RMB

Item	Related party	Closing balance	Opening balance
Dividend payable	Shenzhen Investment Management Company	2,690,970.14	2,690,970.14
Other payable	Shenzhen Investment Management Company	3,510,297.20	3,510,297.20
Other payable	Shenzhen Nongdimei Investment Management	5,538,429.19	5,423,607.31

	Company		
Account payable	Shenzhen Shichumingmen Restaurant Management Co., Ltd.	927.50	

XII. Commitment or contingency

1. Other

The Company did not have major commitments or contingency that need to disclosed till end of 30 June2017

XIII. Events after balance sheet date

1. Other events after balance sheet date

The Company did not have events after balance sheet date that need to disclosed till end of 30 June2017

XIV. Other important events

1. Other

The Company did not have events shall be released without disclosure till end of 30 June2017

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

1. Account receivables

(1) Disclosed by type

In RMB

Type	Closing 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 of credit risk characteristics	26,791,498.16	99.89%			26,791,498.16	40,123,423.12	99.93%			40,123,423.12
Account receivable with single minor amount but withdrawal bad debt	28,453.08	0.11%	28,453.08	100.00%		28,453.08	0.07%	28,453.08	100.00%	

provision for single item										
Total	26,819,951.24	100.00%	28,453.08	100.00%	26,791,498.16	40,151,876.20	100.00%	28,453.08	0.07%	40,123,423.12

Account receivable with single significant amount and withdrawal bad debt provision separately at period end :

Applicable Not applicable

Account receivable provided for bad debt reserve under aging analysis method in the groups:

Applicable Not applicable

In RMB

Age	Closing balance		
	Account receivable	Bad debt provision	Accrual ratio (%)
Subitem within 1 year			
Within 1 year	26,791,498.16		
Total	26,791,498.16		

Explanations on combination determine: Nil

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: Nil

(2) Top five receivables at Period-end

Name	Closing balance	Proportion in total receivables at closing balance (%)	Bad debt provision accrual
Customer 1	5,824,108.00	21.72	---
Customer 2	5,163,160.00	19.25	---
Customer 3	4,166,420.22	15.53	---
Customer 4	1,895,350.00	7.07	---
Customer 5	971,040.00	3.62	---
Total	18,020,078.22	67.19	---

2. Other receivables

(1) Disclosed by type

In RMB

Types	Closing 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 single major amount	19,115,382.18	8.02%	8,776,247.89	45.91%	10,339,134.29	18,910,618.68	8.33%	8,571,484.39	45.33%	10,339,134.29

and withdrawal bad debt provision for single item										
Other account receivable withdrawal bad debt provision by group of credit risk characteristics	213,929,088.07	89.69%	42,123.03	0.02%	213,886,965.04	202,534,906.30	89.26%	52,150.03	0.03%	202,482,756.27
Other account receivable with single minor amount but withdrawal bad debt provision for single item	5,472,398.91	2.29%	5,472,398.91	100.00%		5,472,398.91	2.41%	5,472,398.91	100.00%	
Total	238,516,869.16	100.00%	14,290,769.83	5.99%	224,226,099.33	226,917,923.89	100.00%	14,096,033.33	6.21%	212,821,890.56

Other receivable with single significant amount and withdrawal bad debt provision separately at end of period:

Applicable Not applicable

In RMB

Other receivables (unit)	Closing balance			
	Other receivables	Provision for bad debt	Accrue ratio	Accrue reason
Changzhou Shenbao Chacang E-commerce Trading Co., Ltd	19,115,382.18	8,776,247.89	45.91%	estimated due received maybe lower than book balance
Total	19,115,382.18	8,776,247.89	--	--

Other receivable with bad debt provision withdrawal by age analysis in group:

Applicable Not applicable

In RMB

Age	Closing balance		
	Other receivable	Bad debt provision	Accrual ratio (%)
Subitem within 1 year			
Subtotal within 1 year	213,593,798.96		
1—2 years	35,600.00	1,780.00	5.00%
2—3years	91,747.70	9,174.77	10.00%
Over 3 years	207,968.41	31,195.26	15.00%
4-5 years	207,968.41	31,525.26	15.00%
Total	213,929,115.07	42,150.03	0.02%

Explanations on combination determine:

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 reversed

Accrual bad debt provision 204,763.50 Yuan; collected or reversed 10,000.00 Yuan.

Major bad debt provision collected or switch back:

In RMB

Name	Amount	Method
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(3) Other receivables by nature

In RMB

Nature	Ending book balance	Opening book balance
Deposit	111,502.00	280,986.43
Tax refund for export	296,913.30	
Intercourse accounts and other	238,108,453.86	226,636,937.46
Total	238,516,869.16	226,917,923.89

(4) Top five clients of other receivable at period-end

In RMB

Company	Nature	Ending balance	Book age	Ratio in total ending balance of other receivables	Ending balance of bad bet provision
Huizhou Shenbao Technologies	Intercourse funds	128,835,736.38	Within 1 year	54.01%	
Shenbao Sanjing	Intercourse funds	26,205,575.88	Within 1 year	10.99%	
Changzhou Shenbao Chacang E-commence Co., Ltd	Intercourse funds	19,115,382.18	1-3 years or above	8.02%	8,776,247.89
Shenbao Technology Centre	Intercourse funds	3,500,000.00	Within 1 year	1.47%	
Shenshenbao Tea Culture	Intercourse funds	271,396.29	Within 1 year	0.11%	
Total	--	177,928,090.73	--	74.60%	8,776,247.89

3. Long-term equity investment

In RMB

Items	Closing balance	Opening balance
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	Book balance	Impairment	Book value	Book balance	Impairment	Book value
Investment for subsidiary	917,313,300.84		917,313,300.84	911,813,300.84		911,813,300.84
Investment for associates and joint venture	7,579,282.26	2,927,628.53	4,651,653.73	7,736,539.93	2,927,628.53	4,808,911.40
Total	924,892,583.10	2,927,628.53	921,964,954.57	919,549,840.77	2,927,628.53	916,622,212.24

(1) Investment for subsidiary

In RMB

Investee unit	Opening balance	Current increased	Current decreased	Closing balance	Impairment reserve accrual in the Period	Closing balance of impairment reserve
Shenbao Properties	2,550,000.00			2,550,000.00		
Shenbao Industrial Trading & Development	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 Technologies	60,000,000.00			60,000,000.00		
Wuyuan Jufangyong	280,404,134.35			280,404,134.35		
Hangzhou Jufangyong	176,906,952.42			176,906,952.42		
Shenbao Technology Center	54,676,764.11			54,676,764.11		
Shenzhen Shenbao Investment	50,000,000.00			50,000,000.00		
Yunnan Supply Chain	14,500,000.00	5,500,000.00		20,000,000.00		
Pu'er Trading Center	18,202,825.80			18,202,825.80		
Total	911,813,300.84	5,500,000.00		917,313,300.84		

(2) Investment for associates and joint venture

In RMB

Company	Opening balance	Increase & decrease in this period							Ending balance	Ending balance
		Additiona	Capital	Investme	Other	Other	Cash	Impairme		

		l investmen t	reduction	nt gains recognize d under equity	comprehe nsive income adjustmen t	equity change	dividend or profit announce d to issued	nt accrual			of impairme nt provision
I. Joint venture											
II. Associated enterprise											
Shenzhen Shenbao (Liaoyuan) Industrial Company	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
Changzho u Shenbao Chacang E-comm ence Co., Ltd											
Guangzho u Shenbao Mendao Tea Co., Ltd.	4,808,911 .40			-157,257. 67						4,651,653 .73	
Subtotal	7,736,539 .93			-157,257. 67						7,579,282 .26	2,927,628 .53
Total	7,736,539 .93			-157,257. 67						7,579,282 .26	2,927,628 .53

4. Operating income and operating cost

In RMB

Items	Current Period		Last Period	
	Income	Cost	Income	Cost
Main business income	49,271,727.89	45,987,989.13	62,551,615.75	59,896,259.51

Other business income			2,581,509.43	
Total	49,271,727.89	45,987,989.13	65,133,125.18	59,896,259.51

Other note: Nil

5. Investment earnings

In RMB

Item	Current Period	Last Period
Investment income of long-term equity based on equity	-157,257.67	-564,801.46
Financial products revenue	1,252,661.10	665,169.36
Total	1,095,403.43	100,367.90

XVI. Supplementary information

1. Current non-recurring gains/losses

Applicable Not applicable

In RMB

Item	Amount	Statement
Gains/losses from the disposal of non-current asset	-21,015.26	
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)	1,002,062.22	
Profit and loss of assets delegation on others' investment or management	1,252,661.10	
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	-990,762.24	
Other non-operating income and expenditure except for the aforementioned items	370,612.55	
Less: Impact on income tax	11,131.51	
Affect on minority equity(after taxation)	4,643.68	

Total	1,597,783.18	--
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Concerning the extraordinary profit (gain)/loss defined by *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, and the items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, explain reasons

Applicable Not applicable

2. ROE and earnings per share

Profits during report period	Weighted average ROE	Earnings per share	
		Basic EPS (RMB/Share)	Basic EPS (RMB/Share)
Net profits belong to common stock stockholders of the Company	-1.74%	-0.0357	-0.0357
Net profits belong to common stock stockholders of the Company after deducting nonrecurring gains and losses	-1.89%	-0.0390	-0.0390

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	Closing balance	Opening balance
By Chinese Accounting Standards	-17,759,776.83	-15,099,180.63	991,427,598.24	1,031,768,388.87
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	-17,759,776.83	-15,099,180.63	992,494,598.24	1,032,835,388.87

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 text of 2017 Semi-Annual Report with signature of the Chairman.

Shenzhen Shenbao Industrial Co., Ltd.

Chairman: Zheng Yuxi

24 August 2017