

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

ANNUAL REPORT 2016



April 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 Annual Report 2016 is authentic, accurate and complete.

Except for the follow director, others are attended the Board Meeting for deliberation of this Report

Absent director	Title	Reason of absent	Mandatory
Liu Zhengyu	Director	Away on official business	Huang Yu

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 “Prospect for future development of the Company” in the report of Section

IV-Discussion and Analysis of the Operation.

The equity allocation plan, deliberated and approved by the Board Meeting, are as: based on total shares capital of the Company 451,620,276 shares dated 31st December 2016, distribute 0.50 Yuan (tax included) bonus for each 10 shares held by shareholders, one bonus shares (tax included), and no capitalization of common reserves.

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.

Contents

Section I. Important Notice, Contents and Paraphrase	2
Section II Company Profile and Main Financial Indexes	7
Section III Summary of Company Business	12
Section IV Discussion and Analysis of the Operation	14
Section V. Important Events.....	33
Section VI. Changes in Shares and Particulars about Shareholders	44
Section VII. Preferred Stock	52
Section VIII. Particulars about Directors, Supervisors, Senior Executives and Employees	53
Section IX. Corporate governance	62
Section X Corporate Bond	69
Section XI. Financial Report.....	70
Section XII. Documents available for Reference.....	213

Paraphrase

Items	Refers to	Contents
Shenshenbao/Shenbao Company/ Listed Company /the Company/	Refers to	Shenzhen Shenbao Industrial Co., Ltd.
Shenbao Huacheng	Refers to	Shenzhen Shenbao Huacheng Science and Technology Co.,Ltd
Wuyuan Ju Fang Yong	Refers to	Ju Fang Yong Tea Industry Co., Ltd. in Wuyuan County
Hangzhou Ju Fang Yong	Refers to	Hangzhou Ju Fang Yong Holding Co., Ltd.
Shenbao Yuxing	Refers to	Fujian Mount Wuyi Shenbao Yuxing Tea 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
Shenbao Shengyuan	Refers to	Shenbao Shengyuan (Beijing) Food Co., Ltd.
Fuhaitang Ecological	Refers to	Fuhaitang Tea Ecological Technology Co., Ltd.
Chunshi Network	Refers to	Hangzhou Chunshi Network Technology Co.,Ltd.
Jufangyong Trading	Refers to	Hangzhou Jufangyong Trading Co., Ltd
Shenshenbao Tea Culture	Refers to	Shenzhen Shenshenbao Tea Culture Management Co., Ltd.
Pu'er Tea Trading Center	Refers to	Yunnan Pu'er Tea Trading Center Co., Ltd.
Yidaxiang Real Estate	Refers to	Shenzhen Yidaxiang Real Estate 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 information

Short form for share	SHENSHENBAO-A, SHENSHENBAO-B	Stock code	000019, 200019
Listing stock exchange	Shenzhen Stock Exchange		
Chinese name of the Company	深圳市深宝实业股份有限公司		
Abbr. of Chinese name of the Company	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		
Registrations add.	8F, B Section, 4 th Tower, Software Industrial Base, South Technology Park, Xuefu Road, Yuehai Street, Nanshan District, Shenzhen		
Code for registrations add	518057		
Offices add.	8/F, Tower-B, Building 4, Technology Park Nanshan Software Base, Nanshan District, Shenzhen		
Codes for office add.	518057		
Company's Internet Web Site	http://www.sbsy.com.cn		
E-mail	shenbao@sbsy.com.cn		

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	lly@sbsy.com.cn	huangbx@sbsy.com.cn

III. Information disclosure and preparation place

Newspaper appointed for information disclosure	<i>Securities Times; China Securities Journal and Hong Kong Commercial Daily</i>
Website for annual report publish appointed by CSRC	http://www.cninfo.com.cn
Preparation place for annual report	Office of the Board of Directors

IV. Registration changes of the Company

Organization code	91440300192180754J
Changes of main business since listing (if applicable)	No changes
Previous changes for controlling shareholders (if applicable)	On 10 September 1999, Shenzhen Investment Management Co., Ltd. entered into the “Equity Transfer Agreement of Shenzhen Shenbao Industrial Co., Ltd.” with Agricultural Products for 58,347,695 shares of the Company (35% in total shares of the Company) transfer to Agricultural Products with price of RMB 1.95 per share. Agricultural Products comes to the first majority shareholder of the Company after transfer and procedures for the above equity transfer has completed in June of 2003.

V. Other relevant information

CPA engaged by the Company

Name of CPA	Dahua Certified Public Accountants (Special General Partnership)
Offices add. for CPA	11/F, Block B, Union Square, No. 5022, Binhe Blv, Futian District, Shenzhen
Signing Accountants	Chen Baohua, Su Qing

Sponsor engaged by the Company for performing continuous supervision duties in reporting period

Applicable Not applicable

Financial consultant engaged by the Company for performing continuous supervision duties in reporting period

Applicable Not applicable

VI. Main accounting data and financial indexes

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

Yes No

	2016	2015	Changes over last year	2014
Operating revenue (RMB)	273,383,642.99	338,224,512.31	-19.17%	368,121,399.84
Net profit attributable to shareholders of the listed	96,620,658.92	-35,256,169.10	374.05%	13,323,820.43

Company(RMB)				
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses(RMB)	-64,394,848.68	-44,785,428.54	-43.79%	4,369,025.76
Net cash flow arising from operating activities(RMB)	61,740,568.12	-45,963,089.09	234.33%	25,443,112.45
Basic earnings per share (RMB/Share)	0.2139	-0.0781	373.88%	0.0295
Diluted earnings per share (RMB/Share)	0.2139	-0.0781	373.88%	0.0295
Weighted average ROE	9.82%	-3.70%	13.52%	1.38%
	End of 2016	End of 2015	Changes over end of last year	End of 2014
Total assets (RMB)	1,178,543,725.30	1,060,458,757.46	11.14%	1,154,612,267.59
Net assets attributable to shareholder of listed Company(RMB)	1,031,768,388.87	935,622,280.75	10.28%	970,878,218.93

VII. 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	
	2016	2015	Amount at period-end	Amount at period-begin
Chinese GAAP	96,620,658.92	-35,256,169.10	1,031,768,388.87	935,622,280.75
Items and amount adjusted by IAS				
Adjustment for other payable fund of stock market regulation	0.00	0.00	1,067,000.00	1,067,000.00
IAS	96,620,658.92	-35,256,169.10	1,032,835,388.87	936,689,280.75

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

VIII. Main financial index disclosed by quarter

In RMB

	1 st Q	2 nd Q	3 rd Q	4 th Q
Operating income	72,574,451.04	76,581,078.67	77,232,026.03	46,996,087.25
Net profit attributable to shareholders of the listed Company	-6,183,061.88	-8,916,118.75	-12,459,832.67	124,179,672.22
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses	-9,456,080.02	-10,877,377.35	-14,938,242.86	-29,123,148.45
Net cash flow arising from operating activities	-9,726,779.42	41,324,726.78	-32,952,739.10	64,652,478.08

Whether there are significant differences between the above-mentioned financial index or its total number and the relevant financial index disclosed in the Company's quarterly report and semi-annual report

Yes No

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

Applicable Not applicable

In RMB

Item	2016	2015	2014	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	171,607,536.76	-37,081.52	2,761,632.33	
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)	4,000,648.87	4,229,841.97	6,439,620.12	

Profit and loss of assets delegation on others' investment or management	821,891.58	2,093,233.10		
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	-335,414.30	1,808,657.11	642,447.39	
Other non-operating income and expenditure except for the aforementioned items	8,557,332.04	3,616,614.35	287,626.02	
Less: impact on income tax	23,961,893.28	2,179,393.09	1,141,648.12	
Impact on minority shareholders' equity (post-tax)	-325,405.93	2,612.48	34,883.07	
Total	161,015,507.60	9,529,259.44	8,954,794.67	--

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	100% equity of Shenzhen Yidaxiang Real Estate Co., Ltd. - wholly-owned subsidiary, sold in the Period
Fixed assets	No major Change
Intangible assets	No major Change
Construction in progress	No major Change

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 focused on scientific research, carried out innovative management, and put forth the best effort to expand the main businesses; further optimized the tea industry chain layout, sorted out and improved the business model, and steadily enhanced the enterprise's profitability and core competitiveness.

During the reporting period, as an important link in the development of scientific research, Shenbao Technology Center continued to enhance the research momentum, provided product research and technical services for the development of various business segments, and boosted the business development in all directions. In the exploration of the forefront topics of international food and beverage, Shenbao Technology Center introduced the "clean label" concept, actively developed new products of healthy concepts, and gave products the healthy and natural properties via the traditional boiling way with less additives and simple processes. In terms of technological innovation and project application, Shenbao Technology Center implemented three annual research projects, achieved greater technological breakthroughs in the "black tea concentrated solution precipitation", "high aroma series of concentrated solution" products, and maintained the industry-leading position; won the third prize in "enzymolysis technology" innovation of the Shenzhen City SASAC over the same period. In 2016, the Company applied for 7 national invention patents, and obtained the authorization of 3 national invention patents. Up to the end of this year, the Company has had 41 national invention patents, and developed and implemented a total of 68 client projects in this year.

During the reporting period, on the basis of consolidating the existing industrial customers, the tea-intensive processing businesses positively expanded the international market, the products gradually developed from the ASEAN market to Taiwan, South Korea, Russia, Central Asia and other regions, and acquired the supply certification of Coca-Cola global tea drinks brand, and began to supply the Americas market in 2017. At the same time, upgraded the sources of raw materials, product standards and quality, health ingredients, flavor, comprehensive application program, technical services and other aspects of tea and plant-intensive processing products, and actively developed the food and beverage market channels, which began to show the effectiveness. During the reporting period, the product distribution of tea intensive-processing sector was adjusted, and the production of Wuyuan factory, Shenzhen factory and Shantou factory was repositioned, furthest gave play to capacity effect and effectively improved the product gross margin by technology upgrading, technological improvement, optimization of product technology, energy saving and emission reduction and other management measures.

During the reporting period, Huizhou Science and Technology actively assisted Fujian dealers to carry out market planning, expand sales force, promote brand building, and add new growth momentum to Fujian market; strongly supported and assisted Jiangxi dealers to expand the buying in group business so that the products circulated to Nanchang and surrounding areas, which effectively improved the product popularity, achieved breakthroughs in regional market sales, customer base and sales channels, and laid a solid foundation for further expanding the

Jiangxi market. At the same time, under the support of Shenbao Technology Center, continued the research and development and storage of new products in order to provide new product supports for the Company's business development in the next three years.

During the reporting period, the Company's tea consumption experience business sector strengthened the terminal channel brand building, focused on the end consumer innovative product experience, space experience, and culture experience, explored and improved the Company's terminal marketing platform and channel system. Hangzhou Ju Fang Yong actively improved the retail model of specialty tea, on the basis of Xihu Longjing Tea, in accordance with the "specialty" idea, and replying on the existing offline retail stores in Hangzhou and the surrounding areas and the newly developed offline retail stores in high-traffic areas (high-speed rail, airport, and tourist attractions) to develop new related products and expand the small gift business with tea thematic features; continued to carry out resources marketing cooperation with the third-party platform, drove the brand awareness promotion and performance growth of Ju Fang Yong; continued to enhance brand promotion efforts by fans sharing, insisted on WeChat client-accumulating strategy, strengthened the drainage effect, and improved the re-purchase rate. During the year, iTealife improved the standard chain operation system construction, updated the brand image, enhanced the commercial value, and cooperated with Jianyue Book Bar, the sub-brand of Shenzhen Bookmall, to landed in Shenzhen market, and opened a win-win model of different industrial cooperation. Based on the operation and exploration of flagship stores of the headquarters, Teabank determined the operating strategy of "fashion life space taking tea as the theme", adjusted the organizational structure, strengthened the standard store profit-making model, and accelerated the preparation of new store development.

During the reporting period, the Company strengthened the construction and integration of the supply chain business sector. Under the background of new teams, new projects and new business model, Pu'er tea trading center completed block tradings and electronic bidding business online, and laid a good foundation for development at the beginning of establishment; focused on the electronic trading platform, cooperated with third-party organizations and gradually built the value added services including including products quality inspection and assessment, and warehousing and logistics so as to serve the upstream and downstream customers of Pu'er tea industry chain.

During the reporting period, the Company optimized and innovated the training organizational form, built a practical and efficient learning organization atmosphere by setting up talent value discovery platforms and "one tea and one meeting" sharing learning model; focused on the Company's business projects by carrying out the "action learning growth training camp" activities, mobilized and stimulated the students' enthusiasm, formed the project solutions, and entered into the implementation phase through the Company's assessment, and also carried out the innovative attempts for the Company to discover talents, explore talents, and develop talent echelon construction. During the year, the Company also carried out deep optimization to the ERP management module, improved the flexibility of system management, and made it closer to the user needs.

During the reporting period, the Company actively participated in the establishment of the food safety demonstration city in Shenzhen, strengthened the construction of food safety traceability mechanism in virtue of the new food safety law, put forward the corresponding work plan, strictly implemented the supervision and inspection, and turned the safety to benefits; actively carried out the safety production management, strengthened

the staff safety management awareness and operational skills training, effectively implemented the safety responsibilities to the system, organizations and personnel. In 2016, the Company's food safety accident rate was "0", the accident rate of various types of safety production was "0", and achieved five "0" targets for safety irresponsibility accident.

In 2016, the Company realized total operating income of RMB 273,383,642.99, a decrease of 19.17% over the same period of last year; operating profit of RMB 94,177,768.53, an increase of 295.25% over the same period of last year; net profit attributable to shareholders of the listed Company of RMB 96,620,658.92, an increase of 374.05% over the same period of last year. The changes in operating profit and net profit attributable to shareholders of the listed Company were mainly due to the sale of 100% stake of wholly-owned subsidiary Yi Da Xiang Real Estate in current period.

II. Main business analysis

1. Introduction

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

2. Revenue and cost

(1) Constitute of operation revenue

In RMB

	2016		2015		Increase/decrease y-o-y
	Amount	Ratio in operation revenue	Amount	Ratio in operation revenue	
Total operation revenue	273,383,642.99	100.00%	338,224,512.31	100.00%	-19.17%
According to industries					
Industry	241,949,064.53	88.50%	266,359,637.38	78.76%	-9.16%
Trading	17,602,551.23	6.44%	19,996,329.88	5.91%	-11.97%
Real estate	0.00	0.00%	47,771,344.00	14.12%	-100.00%
Leasing business	1,844,660.57	0.67%	1,568,023.00	0.46%	17.64%
Service	10,610,377.04	3.88%	0.00	0.00%	100.00%
Other	1,376,989.62	0.50%	2,529,178.05	0.75%	-45.56%
According to products					
Soft drinks	28,537,221.17	10.44%	21,909,296.65	6.48%	30.25%
Condiment	8,966,379.88	3.28%	9,039,792.56	2.67%	-0.81%
Tea products	222,048,014.71	81.22%	255,406,878.05	75.51%	-13.06%
Commercial housing	0	0.00%	47,771,344.00	14.12%	-100.00%
Property leasing	1,844,660.57	0.67%	1,568,023.00	0.46%	17.64%
Service	10,610,377.04	3.88%	0.00	0.00%	100.00%

Other	1,376,989.62	0.50%	2,529,178.05	0.75%	-45.56%
According to region					
Exportation	12,509,701.98	4.58%	8,704,227.24	2.57%	43.72%
South China	109,134,649.49	39.92%	104,392,341.49	30.86%	4.54%
North China	20,323,825.12	7.43%	29,832,169.63	8.82%	-31.87%
East China	107,699,798.02	39.40%	154,904,463.04	45.80%	-30.47%
Central China	14,261,668.46	5.22%	29,474,515.90	8.71%	-51.61%
Other region	9,453,999.92	3.46%	10,916,795.01	3.23%	-13.40%

(2) About the industries, products, or regions accounting for over 10% of the Company's operating income or operating profit

Applicable Not applicable

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

Yes No

In RMB

	Operating revenue	Operating cost	Gross profit ratio	Increase/decrease of operating revenue y-o-y	Increase/decrease of operating cost y-o-y	Increase/decrease of gross profit ratio y-o-y
According to industries						
Industry	241,949,064.53	193,974,978.55	19.83%	-9.16%	-14.01%	4.51%
Trading	17,602,551.23	9,779,630.55	44.44%	-11.97%	-33.09%	17.53%
According to products						
Soft drinks	28,537,221.17	21,284,129.94	25.42%	30.25%	30.92%	-0.38%
Tea products	222,048,014.71	176,852,638.04	20.35%	-13.06%	-18.88%	5.72%
According to region						
South China	109,134,649.49	71,788,164.39	34.22%	4.54%	43.72%	-17.93%
North China	20,323,825.12	19,472,967.19	4.19%	-31.87%	-25.38%	-8.33%
East China	106,322,808.40	83,629,161.79	21.34%	-31.36%	-36.07%	5.79%

Under circumstances of adjustment in reporting period for statistic scope of main business data, adjusted main business based on latest one year's scope of period-end

Applicable Not applicable

(3) Income from physical sales larger than income from labors

Yes No

Industries	Item	Unit	2016	2015	Increase/decrease y-o-y
Industry	Sales volume	Ton	13,914.44	19,650.62	-29.19%

	Output	Ton	15,210.31	21,061.25	-27.78%
	Storage	Ton	4,677.57	5,028.78	-6.98%

Reasons for y-o-y relevant data with over 30% changes

Applicable Not applicable

(4) Fulfillment of the Company's signed significant sales contracts up to this reporting period

Applicable Not applicable

(5) Constitute of operation cost

Classification of industries and products

In RMB

Industries	Item	2016		2015		Increase/decrease y-o-y
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Industry	Raw materials	123,881,660.69	60.53%	150,863,451.36	60.97%	-17.88%
Industry	Labour wage	11,217,506.09	5.48%	10,685,964.75	4.32%	4.97%
Industry	Energy	25,532,216.93	12.48%	28,887,628.96	11.67%	-11.62%
Industry	Depreciation cost	16,291,256.71	7.96%	16,007,577.85	6.47%	1.77%
Industry	Cost of production	17,052,338.13	8.33%	19,123,411.71	7.73%	-10.83%

In RMB

Products	Item	2016		2015		Increase/decrease y-o-y
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Tea products	Raw materials	111,993,962.02	54.73%	150,085,271.79	60.65%	-25.38%
Tea products	Labour wage	9,633,017.71	4.71%	9,125,052.29	3.69%	5.57%
Tea products	Energy	24,068,105.34	11.76%	25,204,116.93	10.19%	-4.51%
Tea products	Depreciation cost	14,507,617.02	7.09%	14,223,371.06	5.75%	2.00%
Tea products	Cost of production	16,649,935.95	8.14%	19,389,196.74	7.84%	-14.13%

(6) Whether the changes in the scope of consolidation in Reporting Period

Yes No

1. Subsidiary included in consolidate statement in the Period

Name	Reason for change
------	-------------------

Pu'er Tea Trading Center	Enterprise combined not under the same control
Shenbao Rock Tea	New established after division
Yidaxiang Real Estate	New established
Huizhou Shenbao Food	New established

2. Subsidiary, special purpose entity, and operational entities lose controlling rights by entrusted operation or commissioned rental

Name	Reason for change
Shenbao Shengyuan	Loss of control after equity transferred
Shenbao Yuxing	Loss of control after division
Yidaxiang Real Estate	Disposal

(7) Material changes or adjustment for products or services of the Company in reporting period

Applicable Not applicable

(8) Major sales and main suppliers

Major sales of the Company

Total top five clients in sales (RMB)	78,159,251.79
Proportion in total annual sales volume for top five clients	28.59%
Proportion in total annual sales volume for related sales among top five clients	0.00%

Top five clients

Serial	Name	Sales (RMB)	Proportion in total annual sales
1	Client I	32,967,649.26	12.06%
2	Client II	14,706,593.75	5.38%
3	Client III	10,741,179.71	3.93%
4	Client IV	10,133,555.57	3.71%
5	Client V	9,610,273.50	3.52%
Total	--	78,159,251.79	28.59%

Other explanation on main clients

Applicable Not applicable

Main suppliers of the Company

Total purchase amount from top five suppliers (RMB)	43,804,974.62
Proportion in total annual purchase amount for top five suppliers	15.57%
Proportion in total annual purchase amount from related	0.00%

purchase among top five suppliers	
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Top five suppliers of the Company

Serial	Name	Sum of purchase (RMB)	Proportion in total annual sum of purchase
1	Supplier I	11,230,792.44	3.99%
2	Supplier II	9,875,218.17	3.51%
3	Supplier III	8,561,634.19	3.04%
4	Supplier IV	7,519,530.60	2.67%
5	Supplier V	6,617,799.22	2.35%
Total	--	43,804,974.62	15.57%

Other explanation on main suppliers

Applicable Not applicable

3. Expenses

In RMB

	2016	2015	Increase/decrease y-o-y (%)	Note of major changes
Sales expenses	44,338,389.32	46,050,246.67	-3.72%	
Administration expenses	86,120,689.47	80,515,335.69	6.96%	
Financial expenses	-1,182,236.05	-1,951,620.60	39.42%	Exchange gain or loss increased in the period

4. R&D investment

Applicable Not applicable

In this year, Shenbao Technology Center adhered to the service concept of "realize the integrating solutions from concept to products", actively explored new channels and new markets, developed new products and technical support services for beverage customers; developed new series of catering products for catering markets; provided integrated technical supports for new products production for the company and factory; provided supports and services for the company to participate in exhibitions, customer technical exchanges, and after-sales services. In this year, the company developed and implemented a total of 68 customer projects, and successfully developed a total of 51 new products, including tea raw materials, tea powder, tea concentrated juice, plant extracts, and food and beverage products. During the reporting period, the company applied for a total of seven national invention patents, and obtained the authorization of 3 national invention patents.

R&D investment of the Company

	2016	2015	Change ratio
Number of R&D (people)	33	35	-5.71%
Ratio of number of R&D	4.63%	4.15%	0.48%
R&D investment (Yuan)	7,770,753.76	8,627,337.51	-9.93%
investment accounted for operation income	2.84%	2.55%	0.29%
R&D investment capitalization (Yuan)	2,796,105.82	2,904,986.29	-3.75%
Capitalization R&D investment accounted for R&D investment	35.98%	33.67%	2.31%

The reason of great changes in the proportion of total R&D investment accounted for operation income than last year

Applicable Not applicable

Reason for the great change in R&D investment capitalization rate and rational description

Applicable Not applicable

5. Cash flow

In RMB

Item	2016	2015	Increase/decrease y-o-y
Subtotal of cash in-flow from operation activity	435,896,630.57	431,429,432.91	0.92%
Subtotal of cash out-flow from operation activity	373,661,000.56	477,392,522.00	-21.73%
Net cash flow from operation activity	57,822,892.17	-45,963,089.09	234.33%
Subtotal of cash in-flow from investment activity	306,488,033.55	225,100,233.10	37.90%
Subtotal of cash out-flow from investment activity	179,221,053.21	264,817,963.43	-32.32%
Net cash flow from investment activity	136,752,836.35	-39,717,730.33	430.30%
Subtotal of cash in-flow from financing activity	66,750,079.19	6,460,230.92	960.33%
Subtotal of cash out-flow from financing activity	50,825,895.83	40,159,000.00	26.56%
Net cash flow from financing activity	15,924,183.36	-33,698,769.08	152.45%
Net increased amount of cash and cash equivalent	210,948,011.26	-119,333,891.29	276.86%

Reasons for y-o-y relevant data with major changes

Applicable Not applicable

1. Changes of cash out-flow from operation activity: cash paid for merchandise purchase in the period have significantly reduced;

2. Changes of cash in-flow from investment activity: cash received from subsidiary disposal in the Period while no such amount occurred in last period;
3. Changes of cash out-flow from investment activity: cash paid for purchasing financial products decreased from a year earlier;
4. Changes of cash in-flow from financing activity: cash received from bank loans increased dramatically in the Period;
5. Changes of cash out-flow from financing activity: cash paid for bank loans increased in the period

Reasons of major difference between the cash flow of operation activity in report period and net profit of the Company

Applicable Not applicable

III. Analysis of the non-main business

Applicable Not applicable

In RMB

	Amount	Ratio in total profit	Note	Whether be sustainable
Investment income	162,493,453.1	142.28%	Selling equity of subsidiary	Unsustainable
Gains/losses of fair value variation	-335,414.3	-0.29%	Change of stock value	Unsustainable
Asset impairment	6,300,424.43	5.52%	Provision for impairment of assets	Unsustainable
Non-operating income	20,473,591.76	17.93%	Selling fixed assets	Unsustainable
Non-operating expense	445,282.09	0.39%	Other	Unsustainable

IV. Assets and liability

1. Major changes of assets composition

In RMB

	End of 2016		End of 2015		Ratio changes	Notes of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary fund	358,564,242.83	30.42%	148,013,887.15	13.96%	16.46%	Money of equity sold received in the Period
Account receivable	62,582,867.63	5.31%	75,948,016.12	7.16%	-1.85%	
Inventory	140,951,059.39	11.96%	175,822,373.53	16.58%	-4.62%	
Investment property	18,872,865.36	1.60%	18,809,193.68	1.77%	-0.17%	

Long-term equity investment	5,866,481.63	0.50%	7,034,953.91	0.66%	-0.17%	
Fix assets	333,013,767.86	28.26%	358,418,473.54	33.80%	-5.54%	
Construction in process	54,574.34	0.00%	6,790,574.90	0.64%	-0.64%	
Short-term loans	5,000,000.00	0.42%	0	0.00%	0.42%	

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)	3,586,352.90	-335,414.30	2,169,872.51				3,250,938.60
Aforementioned total	3,586,352.90	-335,414.30	2,169,872.51				3,250,938.60
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

The Company has no above mentioned conditions till end of the Period

V. Investment analysis

1. Overall situation

Applicable Not applicable

Investment in reporting period (yuan)	Investment in the same period of last year (yuan)	Range
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37,000,000.00	21,615,000.00	71.18%
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2. The major equity investment obtained in the reporting period

Applicable Not applicable

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

Applicable Not applicable

4. Financial assets investment

(1) Securities investment

Applicable Not applicable

In RMB

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	-	Fair value measurements	3,586,352.90	-335,414.30	2,169,872.51	0.00	0.00	-335,414.30	3,250,938.60	Financial assets available for sale	Paid shares from debt reorganization
Total			-	--	3,586,352.90	-335,414.30	2,169,872.51	0.00	0.00	-335,414.30	3,250,938.60	--	--
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

5. Application of raised proceeds

Applicable Not applicable

The Company has no application of raised proceeds 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

Counterpart	Equity for sale	The date of sale	Transaction price (in 10 thousand Yuan)	The net profits contributed to the listed Company by the equity from the beginning of current period to the date of sale(in 10 thousand Yuan)	Impact on the Company	The proportion of the net profits that the equity-for -sale contributed to the listed Company in total profits	Pricing principle	Related transaction confirmed (Y/N)	The association with the counterparty	The ownership of property rights that involved has transferred totally (Y/N)	Does the plan implemented on schedule or not, explain the reasons and countermeasures the Company have taken for not implemented on schedule	Date of disclosure	Index of disclosure
Shenzhen Helianyi Invstment	100% Equity of Yidaxiang	2016-12-02	20,210.74	-56.79	1. It will not affect Company's	143.21%	Determin the price listed on	N	N/A	Y	Y	2016-9-29	The "Notice of 100% Equity of Shenzhen Yidaxiang Real Estate

Co., Ltd.	Real Estate				business continuity and management stability; 2. bring investment income of 163.5560 million Yuan for the Company		Shenzhen United Property Rights Exchange publicly						Co., Ltd. Transfer” and three notices of 100% Equity of Shenzhen Yidaxiang Real Estate Co., Ltd. Transferred released on Juchao Website dated 29 Sept. 2016, 5 December, 14 December and 27 December respectively

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	Register capital	Total assets	Net Assets	Operating revenue	Operating profit	Net profit
Shenbao Huacheng	Subsidiary	Production of instant tea powder, tea juice	153,451,300.00	159,001,650.06	138,390,991.49	123,600,011.29	-10,085,948.33	-12,410,885.89
Hangzhou Ju Fang Yong	Subsidiary	Production & sales of tea product	175,000,000.00	211,521,815.35	175,946,407.80	26,365,757.52	49,510,359.97	48,391,711.78
Shenshenbao Investment	Subsidiary	Investment management	50,000,000.00	40,406,939.52	31,726,192.71	6,371,773.17	-13,461,152.88	-12,998,990.08
Huizhou Technology	Subsidiary	Condiment production	60,000,000.00	214,366,948.59	52,471,348.05	33,100,053.08	20,669,653.29	19,092,888.56

Particular about subsidiaries obtained or disposed in report period

√ Applicable □ Not applicable

Name of Company	The way of getting and treating subsidiary in the reporting	Influence on overall product and performance
Yidaxiang Real Estate	Sell after new established	Impact on net profit of the Company: 163.5560 million Yuan
Pu'er Tea Trading Center	Share holding ratio increased due to capital increased	Impact on net profit of the Company: 1.455 million Yuan
Shenbao Rock Tea	New established	Impact on net profit of the Company: 240,800Yuan
Huizhou Shenbao Food	New established	--
Shenbao Shengyuan	Equity transfer	Impact on net profit of the Company: 581,200 Yuan
Shenbao Yuxing	Division	--

Explanation on main holding/stock-jointly enterprise

1. Shenzhen Shenbao Huacheng Science and Technology Co.,Ltd is a wholly owned subsidiary. Business scope: set up industry (specific projects to be reported separately); information consult, food technology development (above excluding the restricted items); goods and technology import and export; production and sales of other food (chrysanthemum extract instant powder for food industry, momordica grosvenori extract instant powder for food industry, honeysuckle extract instant powder for food industry, complex dark plum extract condensed juice for food industry, herbal tea concentrates, herbal tea concentrated juice for food industry, red dates instant powder, mixing plants instant powder; mesona chinensis instant powder, fresh lalang grass rhizome instant powder, lotus and lily concentrate for food industry, lotus leaf instant powder for food industry and bamboo leaf instant powder); production and sales of tea products (instant tea) as well as solid drinks; production and sales of beverages (tea drinks, fruit and vegetable juices and other drinks). Registered capital was RMB153, 451,300. Ended as this period-end, the total assets of Shenbao Huacheng is RMB 159,001,650.06, net assets amounting to RMB 138,390,991.49, and shareholders' equity attributable to parent Company is RMB 138,390,991.49; in the reporting period, Shenbao Huacheng realized operation income and net profit of RMB 123,600,011.29 and RMB-12,410,885.89 respectively, net profit attributable to parent Company was RMB -12,410,885.89.

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 item 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 211,521,815.35, and net assets amounting to RMB175,946,407.80, shareholders' equity attributable to parent Company is RMB176,074,394.47; in the reporting period, Ju Fang Yong realized operation income, net profit and net profit

attributable to shareholder of parent Company as RMB 26,365,757.52, RMB48,391,711.78 and RMB 50,941,372.86 respectively.

3. Shenzhen Shenshenbao Investment Co., Ltd. a wholly owned subsidiary. Business scope: investment industry (specific items to be declared separately); marketing, consulting services, tea training for knowledge and tea culture; sales of tea set, tea table, root; online trade, domestic trade (excluding franchise, Monopoly, special goods); business import and export business (excluding restricted items). Register capital was RMB 50 million. Ended as this period-end, the total assets of Shenbao Technology Center is RMB 40,406,939.52, net assets amounting to RMB 31,726,192.71, and shareholders' equity attributable to parent Company is RMB 34,760,941.61; in the reporting period, Shenshenbao Investment realized operation income, net profit and net profit attributable to shareholder of parent Company as RMB6,371,773.17 , RMB -12,998,990.08 and RMB -8,418,787.79 respectively.

4. Huizhou Shenbao Science & Technology Co., Ltd. a wholly owned subsidiary. Business scope: licensed business item : operate within the business scope in “Industrial Product Manufacture License”; general operating items: industrial investment, property management (operation with qualification certificate); domestic trading (excluding the items prohibit by laws and administrative regulations, licenses should required while operate items restricted by laws and administrative regulations). Register capital was RMB 60 million. Ended as this period-end, the total assets of Huizhou Shenbao Science & Technology is RMB 214,366,948.59, net assets amounting to RMB 52,471,348.05, and shareholders' equity attributable to parent Company is RMB 52,471,348.05; in the reporting period, Huizhou Shenbao Science & Technology realized operation income, net profit and net profit attributable to shareholder of parent Company as RMB 33,100,053.08 , RMB19,092,888.56 and RMB 19,092,888.56 respectively.

VIII. Structured vehicle controlled by the Company

Applicable Not applicable

IX. Prospects on future development

(I) Development trend and competition layout of the industry

1. The development trend of tea industry

Tea production of 2016 continue to maintain the overall growth trend, according to statistic from Crop Management Division of Ministry of Agriculture, in year of 2016, tea garden area covers 44 million mu in 18 tea-producing provinces, increased 1.95% from a year earlier; dry tea harvest 2.43 million tons, up by 6.7% from a year earlier. Among six teas, black tea, dark tea and white tea has over 10% growth in production while yellow tea goes to 70% more. Total value of dry tea yield to 168 billion Yuan with 10.6% growth. In 2016, according to the quality safety routine monitoring for agricultural products by Ministry of Agriculture: qualified rate of pesticide residues in tea for whole year was 99.4%, increase a 1.8 percentage points from a year earlier. Competition for vary brand and variety of the tea comes more and more fierce in tea consumption market, sales price comes reasonable, sales fell slightly and storage for domestic sales increased. Tea mobile electricity supplier transactions has a steadily enhance, new medial marketing comes to an effective promotion and sales means for tea enterprises. Safe and reasonable price of the products as well as pluralistic and younger products and wide range of marketing still is the development trend of tea industry.

2. The development trend of tea and deep-processing products based on natural plant

In 2016, the transformation of consumption promoted the transformation and upgrading of beverage industry, the main economic indicator growth of China's beverage industry was basically stable, the industrial transformation and upgrading initially made achievements, the beverage consumption showed an overall growth trend. According to the data of National Bureau of Statistics, China's beverage industry in 2016 realized total output of 183,452,000 tons, an increase of 1.90% on a year-on-year basis. Packaged drinking water, fruit and vegetable juice drinks, herbal tea drinks, and functional drinks continued to maintain the sales growth, while the carbonated beverage sales continued to decline. Tea drinks sales remained stable, but the proportion of loss-making enterprises increased, the old products sales of main tea drinks brands showed a downward trend, and the introduction of new varieties of some tea drinks had outstanding performances. Brand chain tea drinks stores and freshly made tea drinks in various restaurants made some impacts on the bottled tea drinks market. Tea and natural plant intensive processing products possess with natural and healthy properties, the consumption upgrade of the consumer market has the high-end, healthy, and young consumer trends, the tea drinks and plant drinks still have a huge space for development in the future.

3. Competitive landscape

Due to slowdown in domestic soft drinks market, especially consumption in bottled tea drinks declined slightly, demand for raw material of tea and deep processing products of plants is weak, to some extent, all these factors affect the development of tea and deep processing products. At the same time, rising raw material prices also led to a substantial increase in the cost of production; fierce price competition in the industry also have an impact on the benefits.

Domestic traditional tea market have matured, prices remain relatively reasonable; Benefits of tea companies maintain a good level. E-commerce becomes more competitive. Using the Internet and new media to promote the marketing will be more common; the emergence of new cross-border joint or cooperative mode is to be seen in the industry. Security remains a challenge to the development of the industry.

(II) Development Strategy

Seize the opportunity to pool resources and take deep processing of tea and natural plant as the core to build industrial chain integrating natural health products and services, extending to tea park base and fine tea business. Conduct the implementation of industrialization, standardization and internationalization, put efforts to enhance synergies of tea industrial chain and creation capabilities of traditional industry value, thus the Company develops into a most valuable listed Company in tea industry.

(III) Operation plan for year of 2017

1. On the basis of summing up the company's existing strategic planning, combine with the company's existing industrial layout and market trends and make strategies for the company's development in the next three years.
2. Continue to invest in the company's scientific research, develop innovation work in product, technology, management and other aspects, aim at increasing the commercialization rate of scientific research products, integrate the existing research and development team, technical equipment, product resources, and industrial resources, develop products facing the health consumption, and improve the competitiveness and market profitability of the company's products.
3. Integrate and optimize the company's terminal business, build the terminal channel system for Shenbao products, and establish the "Teabank" unified marketing platform.
4. Speed up the pace of deep processing and product upgrading of the food and beverage business sector, develop towards the health nutrition ingredients and terminal health products market, as well as the natural, functional food and beverage market. Focus on the target market, increase the main business income, and enhance profitability.
5. Improve the supply chain business sector industry system, including tea trade, warehousing logistics, supply chain finance, rating and identification, continue to expand the business scale and platform influence of Yunnan pu'erh tea trading center, and cooperate with warehousing logistics, trade, supply chain finance and other businesses to land and carry out.
6. Continue to optimize the talent structure, and attract and keep talents through the company's mechanism innovation.
7. Optimize and improve the information management platform of financial business.
8. Continue to strengthen the production and food safety work, and ensure the annual safety production liability accident is 0.
9. Fund demand and the using plans: in the future, in order to enhance the company's business development capacity, it's needed to gradually put into the development funds, the company will take full advantage of various

financial instruments based on the actual strategic plan and overall fund arrangement to reduce fund use costs, meet fund demand, and ensure the company's sustainable development.

(IV) Unfavorable factors and countermeasures the company may face in the development

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 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 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 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.

X. Research reception, communication and interview activities

1. Registration form of research reception, communication and interview in the Period

Applicable Not applicable

There were no research reception, communication and interview activities occurred in the period

Section V. Important Events

I. Profit distribution plan of common stock and capitalizing of common reserves plan

Formulation, Implementation and Adjustment of common stock Profit Distribution Policy Especially Cash Dividend policy during the Reporting Period

Applicable Not applicable

In reporting period, no adjustment and change happened to profit distribution rule.

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

Profit distribution plan (pre-plan) of common stock and capitalizing of common reserves plan (pre-plan) in latest three years (including the reporting period)

The equity distribution plan for 2014: No cash dividend, no bonus shares as well as carried-put shares from capital reserve.

The equity distribution plan for 2015: Based on capital share of 301,080,184 on 31 Dec 2015, carried out 2 shares every 10-share to all shareholders using capital reserve, no cash dividend and no bonus share.

The equity allocation plan, deliberated and approved by the Board Meeting, are as: based on total shares capital of the Company 451,620,276 shares dated 31st December 2016, distribute 0.50 Yuan (tax included) bonus for each 10 shares held by shareholders, one bonus shares (tax included), and no capitalization of common reserves.

Particulars for cash dividend of common share for 3 years (this period included)

In RMB

Year for bonus shares	Amount for cash bonus (tax included)	Net profit attributable to common stock shareholders of listed Company in consolidation	Ratio in net profit attributable to common stock shareholders of listed Company contained in	Amount for cash bonus by other ways	Proportion for cash bonus by other ways

		statement for bonus year	consolidation statement		
2016	22,581,013.80	96,620,658.92	23.37%	0.00	0.00%
2015	0.00	-35,256,169.10	0.00%	0.00	0.00%
2014	0.00	13,323,820.43	0.00%	0.00	0.00%

The Company gains profits in reporting period and the retained profit of common stock shareholders provided by parent Company is positive but no plan of cash dividend proposed of common stock

Applicable Not applicable

II. Profit distribution plan and capitalization of common reserves plan

Applicable Not applicable

Bonus shares for every 10-share (Share)	1
Dividends for every 10-share (RMB) (Tax included)	0.50
Shares added for every 10-share base (Share)	0
Equity base of distribution plan (Share)	451,620,276
Total cash dividend(RMB) (Tax included)	22,581,013.80
Distributable profits (RMB)	283,746,524.30
Ratio of cash dividend in total profit distribution	33.33%

Cash dividend:

The Company is on the way of developing and has arrangement for major fund expenditure, cash dividend should taking minimum of 20% in the profit distribution while allocate the profit.

Detail explanation on profit distribution or capitalization from capital public reserve

In line with the audited by Dahua CPA, the net profit attributable to owners of parent company in consolidate statement amounted as 96,620,658.92 Yuan, net profit of parent company as 50,656,189.07 Yuan, minors the 5,065,618.91 Yuan, withdraw as statutory surplus reserve, plus profit available for distributed in statement of 2015 parent company -- 238,155,954.14 Yuan, the profit available for distributed in parent company's statement for year of 2016 was 283,746,524.30 Yuan, and the profit available for distributed in consolidate statement for year fo 2016 was 158,239,612.94 Yuan.

According to the relevant laws and regulations and the provisions of "Articles of Association", considering the interests of the shareholders, BOD plans to submit the Equity Allocation Plan for year of 2016 to Shareholders General Meeting, based on total shares capital of the Company 451,620,276 shares dated 31st December 2016, distribute 0.50 Yuan (tax included) bonus for each 10 shares held by shareholders, one bonus shares (tax included), and no capitalization of common reserves.

Total share capital of the Company will increase to 496,782,303 shares (based on the registration in Shenzhen Branch of CSDC) after allocation. The equity allocation needs to deliberate and approve by Shareholders

General Meeting.

III. Implementation of commitment

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

Applicable Not applicable

Commitments	Promise	Type of commitments	Content of commitments	Commitment date	Commitment term	Implementation
Commitments for Share Merger Reform						
Commitments in report of acquisition or equity change						
Commitments in assets reorganization						
Commitments make in initial public offering or re-financing						
Equity incentive commitment						
Other commitments for medium and small shareholders	Zheng Yuxi; Yan Zesong; Lin Hong; Li Fang; Li Yiyan; Yao Xiaopeng; Wang Zhiping	Enlarged shares and restricted sales promise	Some directors, supervisors and senior management promised voluntarily to raised capital to achieve more share-holding of A stock (000019) within one month since 10 July 2015, and would not sell within 6 months. Details please refer to notice disclosed on Juchao website.	2015-07-10	1. Enlarged the shares before 10 August 2015 and 2. not to reducing the stock within 6 months after increase holding	Completed
Completed on time(Y/N)	Y					

2. Concerning assts or project of the Company, which has profit forecast, and reporting period still in forecasting period, explain reasons of reaching the original profit forecast

Applicable Not applicable

IV. 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.

V. Explanation from Board of Directors, Supervisory Committee and Independent Directors (if applicable) for “Qualified Opinion” that issued by CPA

Applicable Not applicable

VI. Particulars about the changes in aspect of accounting policy, estimates and calculation method compared with the financial report of last year

Applicable Not applicable

No changes of accounting policy, estimates and calculation method in the Period

VII. Major accounting errors within reporting period that needs retrospective restatement

Applicable Not applicable

No major accounting errors within reporting period that needs retrospective restatement for the Company in the period.

VIII. Compare with last year’s financial report; explain changes in consolidation statement’s scope

Applicable Not applicable

1. Subsidiary included in consolidate statement

Name	Reasons
Pu'er Tea Trading Center	Enterprise combined not under the same control
Shenbao Rock Tea	New established after division
Yidaxiang Real Estate	New established
Huizhou Shenbao Food	New established

2. Subsidiary, special purpose entity, and operational entities lose controlling rights by entrusted operation or commissioned rental

Name	Reason for change
Shenbao Shengyuan	Loss of control after equity transferred
Shenbao Yuxing	Loss of control after division
Yidaxiang Real Estate	Disposal

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

Accounting firm appointed

Name of domestic accounting firm	Dahua Certified Public Accountants (Special General Partnership)
Remuneration for domestic accounting firm (in 10 thousand Yuan)	48
Continuous life of auditing service for domestic accounting firm	9-year
Name of domestic CPA	Chen Baohua, Su Qing

Whether re-appointed accounting firms in this period or not

Yes No

Appointment of internal control auditing accounting firm, financial consultant or sponsor

Applicable Not applicable

During the reporting period, Dahua Certified Public Accountants (Special General Partnership) was hired as the internal control audit institutions of the Company, RMB 250,000 for internal control audit fee.

X. Particular about suspended and delisting after annual report disclosed

Applicable Not applicable

XI. Bankruptcy reorganization

Applicable Not applicable

No bankruptcy reorganization for the Company in reporting period

XII. Significant lawsuits and arbitrations of the Company

Applicable Not applicable

No significant lawsuits and arbitrations occurred in the reporting period

XIII. Penalty and rectification

Applicable Not applicable

No penalty and rectification for the Company in reporting period.

XIV. 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.

XV. 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.

XVI. 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

XVII. 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 for the subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party
Shenzhen Shenbao Huacheng Science and Technology Co.,Ltd		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)		3,000		Total amount of actual occurred guarantee for subsidiaries in report		3,000		

				period (B2)				
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 of the subsidiaries for the subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party
Total amount of guarantee of the Company(total of three abovementioned guarantee)								
Total amount of approving guarantee in report period (A1+B1+C1)		3,000		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 net assets of the Company(that is A4+ B4+C4)				2.91%				
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. Cash asset management

(1) Trust financing

√ Applicable □ Not applicable

In 10 thousand Yuan

Name	Whether related trade or not	Type	Trust financing amount	Start date	End date	Criteria for fixing reward	Principal actually collected in the Period	Amount of reserve for devaluation of withdrawing (if applicable)	Anticipated income	Actual gains/losses in period	Actual collected gains/losses in period
Shenzhen branch of Shanghai Pudong Development Bank	N	Bank financing products	3,000	2016-01-22	2016-04-22	Guaranteed earnings	3,000	0	22.50	22.50	Full recovery
Shenzhen branch of Shanghai Pudong Development Bank	N	Bank financing products	3,000	2016-02-26	2016-05-26	Guaranteed earnings	3,000	0	24.00	24.00	Full recovery
Shenzhen branch of Shanghai Pudong Development Bank	N	Bank financing products	2,000	2016-06-17	2016-09-18	Guaranteed earnings	2,000	0	15.67	15.67	Full recovery
Civic Center Barnch of CITIC Bank	N	Bank financing products	5,000	2016-01-21	2016-02-17	Floating earnings	5,000	0	20.02	20.02	Full recovery
Shenzhen branch of Shanghai Pudong Development Bank	N	Bank financing products	935	2016-12-28	2017-03-28	Guaranteed earnings	0	0	7.48	0	Un-collected
Total			13,935	--	--	--	13,000	0	89.67	82.19	--
Capital resource			Own funds								

Principal uncollected for overdue and accumulated earnings	0
Lawsuit involved (if applicable)	Not applicable
Disclosure date for approval from the Board for trust financing (if applicable)	2016-04-26
Disclosure date for approval from board of shareholders for trust financing (if applicable)	Not applicable
Whether has trust financing plan in future	Yes

(2) Entrusted loans

Applicable Not applicable

No entrusted loans in the Period

4. Other material contracts

Applicable Not applicable

No other material contracts for the Company in reporting period

XVIII. 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. Execution of other social responsibility

During the reporting period, the Company has been strictly in accordance with "Company Law", "Securities Law", "Articles of Association" and other relevant laws and regulations, continues to improve governance structure and regulated operation. the Company attaches importance to social responsibility, sustains attention to social create value, integrity management according to law, to provide consumers with safe and secure products, high-quality, green and healthy products to enhance the capacity for sustainable development and overall competitiveness; making efforts to improve management, enhance innovation capability and core competencies; the Company uphold a fair, just and open principles of treatment for all investors, with particular emphasis on safeguarding the interests of minority shareholders; the Company strictly comply with national environmental laws and regulations,

thoroughly implement green philosophy, strengthen ecological protection, comply with the overall development of the country and society, and strive to achieve economic and social benefits, short-term interests and long-term interests of their own development and social development, coordination, thus achieve healthy and harmonious development between the Company and the community, the Company and the environment.

The listed Company and subsidiaries is in the range of heavy pollution industry that regulated by State environment protection departments

Yes No

Whether the social responsibility report released

Yes No

XIX. Explanation on other significant events

Applicable Not applicable

In reporting period, the 100% equity of wholly-owned subsidiary Yidaxiang Real Estate were sold by the Company in way of publicly listing, relevant registration of industry and commerce have completed, found more in the “Notice of 100% equity of Yidaxiang Real Estate Transfer” and three “progress notices of 100% equity of Yidaxiang Real Estate Transfer” released respectively on 29 September 2016, 5 December, 14 December and 27 December on Juchao Website (www.cninfo.com.cn).

XX. Significant event of subsidiary of the Company

Applicable Not applicable

Found more in “XIX. Explanation on other significant events”

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	
	Amount	Proportion	New shares issued	Bonus shares	Capitalization of public reserve	Others	Subtotal	Amount	Proportion
I. Restricted shares	17,615,441	5.85%			8,807,720	2,700	8,810,420	26,425,861	5.85%
1. State-owned shares	0	0.00%			0	0	0	0	0.00%
2. State-owned corporate shares	8,140,475	2.70%			4,070,238	0	4,070,238	12,210,713	2.70%
3. Other domestic shares	9,442,641	3.14%			4,721,320	2,700	4,724,020	14,166,661	3.14%
Including: Domestic legal person's shares	9,324,141	3.10%			4,662,070	0	4,662,070	13,986,211	3.10%
Domestic nature person's shares	118,500	0.04%			59,250	2,700	61,950	180,450	0.04%
4. Foreign shares	32,325	0.01%			16,162	0	16,162	48,487	0.01%
Including: Foreign corporate shares	0	0.00%			0	0	0	0	0.00%
overseas nature person's share	32,325	0.01%			16,162	0	16,162	48,487	0.01%
II. Un-restricted shares	283,464,743	94.15%			141,732,372	-2,700	141,729,672	425,194,415	94.15%
1. RMB common shares	252,101,543	83.73%			126,050,772	-2,700	126,048,072	378,149,615	83.73%
2. Domestically listed foreign shares	31,363,200	10.42%			15,681,600	0	15,681,600	47,044,800	10.42%
3. Foreign listed foreign shares	0	0.00%			0	0	0	0	0.00%
4. Other	0	0.00%			0	0	0	0	0.00%
III. Total shares	301,080,184	100.00%			150,540,092	0	150,540,092	451,620,276	100.00%

Reasons for share changed

Applicable Not applicable

In June 2016, the Company implemente an equity allocation scheme for year fo 2015, based on total share captial 301,080,184 shares of the Company, increase 5 shares for each 10 shares held by shareholders with captial reserves, toally 150,540,092 shares increase by transferring. Found more in the Notice released on juchao website (www.cninfo.com.cn) dated 15 June 2016.

In October 2016, independent director of the Company purchased 3,600 shares (A-stock) of the Company. According to relevant regulations on shares held by directors, supervisors and senior executives, the 3,600 shares are automatically lock-up for trading with 75%, that is 2,700 shares. Found more in the Notice released on juchao website (www.cninfo.com.cn) dated 13 October 2016.

Approval of share changed

Applicable Not applicable

The equity allocation scheme for year of 2015 was deliberated and approved by 4th session of 9th BOD held by 22 April 2016 and AGM of 2015 held on 17 May 2016.

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 2015, the basic EPS for year of 2015 and 2016, based on new share capital 451,620,276 shares, counted as -0.0781 Yuan/Share and 0.2139 Yuan/Share respectively; net assets value per share counted as 2.0707 Yuan/Share and 2.2846 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

Shareholder s' name	Number of shares restricted at Period-beg	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

	in					
Zheng Yuxi	30,000	0	15,000	45,000	Executives locked shares	Shares unlock every year takes 25% of the total shares holding
Lin Hong	18,750	0	9,375	28,125	Executives locked shares	Shares unlock every year takes 25% of the total shares holding
Yan Zesong	32,325	0	16,162	48,487	Executives locked shares	Shares unlock every year takes 25% of the total shares holding
Li Fang	18,075	0	9,038	27,113	Executives locked shares	Shares unlock every year takes 25% of the total shares holding
Li Yiyan	18,750	0	9,375	28,125	Executives locked shares	Shares unlock every year takes 25% of the total shares holding
Yao Xiaopeng	20,175	0	10,087	30,262	Executives locked shares	Shares unlock every year takes 25% of the total shares holding
Wang Zhiping	12,750	0	6,375	19,125	Executives locked shares	Shares unlock every year takes 25% of the total shares holding
Fan Zhiqing	0	0	2,700	2,700	Executives locked shares	Shares unlock every year takes 25% of the total shares holding
Total	150,825	0	78,112	228,937	--	--

II. Securities issuance and listing

1. Security offering (without preferred stock) in Reporting Period

Applicable Not applicable

2. Changes of total shares and shareholders structure as well as explanation on changes of assets and liability structure

Applicable Not applicable

In reporting period, equity allocation for year of 2015 implemented, and independent director of the Company purchased A-stock of the Company(according to relevant regulations on shares held by directors, supervisors and senior executives, the shares are automatically lock-up for trading with 75%), total shares of the Company increased to 451,620,276 shares from 301,080,184 shares, restricted shares up to 26,425,861 shares from 17,615,441 shares and un-restricted shares increased to 425,194,415 shares from 283,464,743.

3. Existing internal staff shares

Applicable Not applicable

III. Particulars about shareholder and actual controller of the Company

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

In Share

Full name of Shareholders	Nature of shareholder	Proportion of shares held	Total shareholders at the end of report period	Changes in report period	Amount of restricted shares held	Amount of un-restricted shares held	Number of share pledged/frozen	
							State of share	Amount
Shenzhen Agricultural Products Co., Ltd	Other	19.09%	86,211,176	28,737,059	13,986,211	72,224,965		
Shenzhen Investment Holding Co., Ltd	State-owned legal person	16.00%	72,258,457	24,086,153	12,210,713	60,047,744		
Sun Huiming	Domestic nature person	0.72%	3,263,775	1,087,925	0	3,263,775		
Jiang Xulu	Domestic nature person	0.43%	1,932,700	1,932,700	0	1,932,700		
Guangzhou Luoer Equity Investmetn Fund Management Enterprise (General partnership)	Domestic non-state-owned legal person	0.42%	1,909,000	1,909,000	0	1,909,000		
Jiang Xurong	Domestic nature person	0.42%	1,895,109	1,895,109	0	1,895,109		
Li Qian	Domestic	0.30%	1,352,302	1,352,302	0	1,352,302		

	nature person							
Central Huijin Asset Management Co., Ltd.	State-owned legal person	0.30%	1,338,750	446,250	0	1,338,750		
Han Youqun	Domestic nature person	0.27%	1,220,000	1,220,000	0	1,220,000		
Xu Yanhui	Domestic nature person	0.22%	975,000	242,100	0	975,000		
Strategy investors or general corporation comes top 10 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; Jiang Xurong holds 80% equity of Guangzhou Luoer Equity Investmetn Fund Management Enterprise (General partnership); Except for this, the Company was not aware of any related relationship between other shareholders above, and whether they belonged to parties acting in concert as defined by the Acquisition Management Method of Listed Company.							
Particular about top ten shareholders with un-restrict shares held								
Shareholders' name	Amount of un-restrict shares held at Period-end		Type of shares					
			Type	Amount				
Shenzhen Agricultural Products Co., Ltd	72,224,965		RMB common shares	72,224,965				
Shenzhen Investment Holding Co., Ltd	60,047,744		RMB common shares	60,047,744				
Sun Huiming	3,263,775		Domestically listed foreign shares	3,263,775				
Jiang Xulu	1,932,700		RMB common shares	1,932,700				
Guangzhou Luoer Equity Investmetn Fund Management Enterprise (General partnership)	1,909,000		RMB common shares	1,909,000				
Jiang Xurong	1,895,109		RMB common shares	1,895,109				
Li Qian	1,352,302		RMB common shares	1,352,302				
Central Huijin Asset Management Co., Ltd.	1,338,750		RMB common shares	1,338,750				
Han Youqun	1,220,000		RMB common shares	1,220,000				
Xu Yanhui	975,000		RMB common shares	975,000				
Expiation on associated relationship or consistent actors within the top 10	Shenzhen SASAC directly holds 28.76% equity interests of Agricultural Products, indirectly holds 5.24% equity interests of Agricultural Products and directly holds 100%							

un-restrict shareholders and between top 10 un-restrict shareholders and top 10 shareholders	equity interests of Shenzhen Investment Holding; Jiang Xurong holds 80% equity of Guangzhou Luoer Equity Investmetn Fund Management Enterprise (General partnership); Except for this, the Company was not aware of any related relationship between other shareholders above, and whether they belonged to parties acting in concert as defined by the Acquisition Management Method of Listed Company.
Explanation on top 10 shareholders involving margin business (if applicable) (see note 4)	In reporting period, shareholder of the Company – Jiang Xulu holds 1,932,700 shares of the Company through secured account for customer credit transaction of Guoyuan Securities Co., Ltd.; shareholder – Jiang Xurong holds 1,554,109 shares of the Company through secured account for customer credit transaction of Guoyuan Securities Co., Ltd.; shareholder –Guangzhou Luoer Equity Investmetn Fund Management Enterprise (General partnership) holds 1,449,700 shares of the Company through secured account for customer credit transaction of Guoyuan Securities Co., Ltd. and shareholder –Han Youqun holds 1,220,000 shares of the Company through secured account for customer credit transaction of Shenwan Hongyuan Securities Co., Ltd

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.

2. Controlling shareholder of the Company

Nature of controlling shareholders: local state-owned holding

Type of controlling shareholders: legal person

Controlling shareholders	Legal person/person in charge of the unit	Date of foundation	Organization code	Main operation business
Shenzhen Agricultural Products Co., Ltd	Cai Yin	1989-01-14	91440300192179163P	Develop, construction, management and operation of the agricultural products wholesale market (business license for wholesale market of agricultural products should applying in addition), management the leasing business of market; internal commerce, supply and marketing industry for materials (excluding monololy, special control commodities); agricultural products business, wholesale of aquatic products, chain business and import & export business (business license should required for specific operations); provides supporting guest house, buffet, food& drink shop and business of transportation, loading & unloading, warehousing and packaging (business license should required for specific operations); engaged in information consultation (excluding items needs approvals that prohibit and regulated by the laws, administrative management and State Council), property management, hotel management and owned property leasing;

				market investment and investment of industrial (specific items should be declare for operation)
Equity of other domestic/oversea listed Company control by controlling shareholder as well as stock-joint in report period	Found more in annual report 2016 under the name of Agricultural Products			

Changes of controlling shareholders in reporting period

Applicable Not applicable

The Company had no changes of controlling shareholders in reporting period

3. Actual controller of the Company

Nature of actual controller: local state-owned assets management

Type of actual controller: legal person

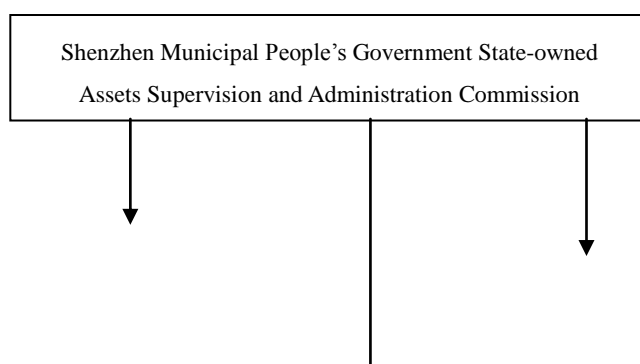
Actual controlling shareholders	Legal person/person in charge of the unit	Date of foundation	Organization code	Main operation business
Shenzhen Municipal People's Government State-owned Assets Supervision & Administration Commission	Peng Haibin	2004-04-02	11440300K317280672	State-owned assets supervision and administration
Equity of other domestic/foreign listed Company controlled by actual controller in reporting period	-			

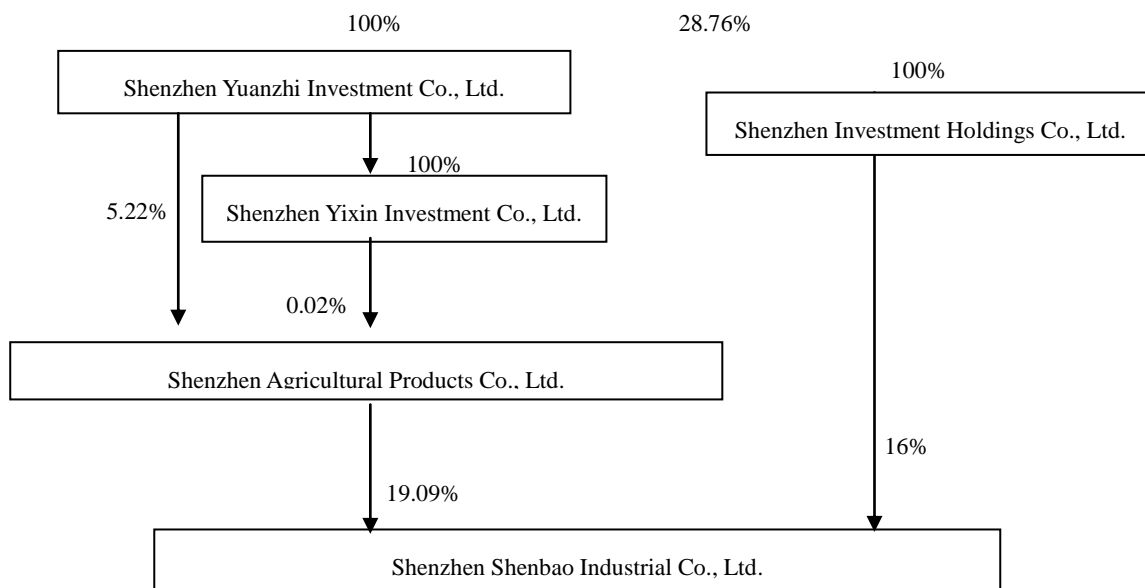
Changes of actual controller in reporting period

Applicable Not applicable

No changes of actual controllers for the Company in reporting period.

Property right and controlling relationship between the actual controller and the Company is as follow:





Actual controller controlling the Company by entrust or other assets management

Applicable Not applicable

4. Particulars about other legal person shareholders with over 10% shares held

Applicable Not applicable

Corporate shareholders	Legal rep./person in charge of unit	Date established	Register capital	Main business or management activity
Shenzhen Investment Holding Co., Ltd	Peng Haibin	2004-10-13	RMB 21580 million	Invest, operate and manage the state-owned stock rights of wholly-owned, controlling and shareholding enterprises by reorganization and integration, capital operation and assets disposal; engage in real estate development and business operations within the scope of legal acquisition of land use rights; make policy and strategic investments according to the requirements of the Shenzhen City SASAC; provide guarantee for the municipal state-owned enterprises; the Shenzhen City SASAC authorizes to carry out other businesses.

5. Limitation and reducing the holdings of shares of controlling shareholders, actual controllers, restructuring side and other commitment subjects

Applicable Not applicable

Section VII. Preferred Stock

Applicable Not applicable

The Company had no preferred stock in the Period.

Section VIII. Particulars about Directors, Supervisors, Senior

Executives and Employees

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

Name	Title	Post-holding status	Sex	Age	Start dated of office term	End date of office term	Shares held at period-begin (Share)	Increasing shares held in this period (Share)	Decreasing shares held in this period (Share)	Other changes (share)	Shares held at period-end(Share)
Zheng Yuxi	Party Secretary, Chairman	Currently in office	M	55	2015-9-10	2018-9-10	40,000	0	0	20,000	60,000
Li Jinhua	Director	Currently in office	F	52	2015-9-10	2018-9-10	0	0	0	0	0
Liu Zhengyu	Director	Currently in office	M	47	2015-9-10	2018-9-10	0	0	0	0	0
HuangYu	Director	Currently in office	M	43	2015-9-10	2018-9-10	0	0	0	0	0
Fan Zhiqing	Independent director	Currently in office	M	68	2015-9-10	2018-9-10	0	3,600	0	0	3,600
Wu Shuping	Independent director	Currently in office	M	64	2015-9-10	2018-9-10	0	0	0	0	0
Chen Cansong	Independent director	Currently	M	45	2015-9-10	2018-9-10	0	0	0	0	0

		in office									
Yan Zesong	Director, GM	Currently in office	M	47	2015-9-10	2018-9-10	43,100	0	0	21,549	64,649
Li Yiyan	Director、Deputy GM, Secretary of the Board	Currently in office	F	51	2015-9-10	2018-9-10	25,000	0	0	12,500	37,500
Lin Hong	Chairman of supervisory committee	Currently in office	F	52	2015-9-10	2018-9-10	25,000	0	0	12,500	37,500
Li Xinjian	Supervisor	Currently in office	M	45	2015-9-10	2018-9-10	0	0	0	0	0
Luo Longxin	Supervisor	Currently in office	M	56	2015-9-10	2018-9-10	0	0	0	0	0
Li Fang	Deputy party secretary, SCID, Deputy GM	Currently in office	F	43	2015-9-10	2018-9-10	24,100	0	0	12,051	36,151
Qian Xiaojun	Deputy GM	Currently in office	M	45	2015-9-10	2018-9-10	0	0	0	0	0
Yao Xiaoping	Deputy GM	Currently in office	M	49	2015-9-10	2018-9-10	26,900	0	0	13,450	40,350
Wang Zhiping	CFO	Currently in office	F	46	2015-9-10	2018-9-10	17,000	0	0	8,500	25,500
Total	--	--	--	--	--	--	201,100	3,600	0	100,550	305,250

II. Changes of directors, supervisors and senior executives

Applicable Not applicable

III. Post-holding

Professional background, major working experience and present main responsibilities in Company of directors, supervisors and senior executive

(i) Director

Mr. Zheng Yuxi: bachelor degree of economics, was born in 1962. He has served successively as director and Deputy GM of underling enterprise of Shenzhen Special Economic Region Free Commodities Enterprises, Chairman of Shenzhen Agri-Pastoral Enterprises Co., Ltd., assistant GM and Deputy GM and GM of the Company, Chairman of 7th session of the Board and Party Secretary; and now serves as Chairman of 8th BOD and Party Secretary.

Ms. Li Jinhua, was born in 1965, a Master of Engineering. She successively served as the director of GM office of Shenzhen Agricultural Products Co., Ltd; GM of Shenzhen Haijixing International Logistic Park Management Co., Ltd.; the GM of Shenzhen Buji Wholesale market of the Agricultural Products; chief of the H&R dept. of Shenzhen Agricultural Products Co., Ltd. Now she serves as the deputy president of the labor union in Shenzhen Agricultural Products Co., Ltd and director of the 9th BOD of the Company

Mr. Liu Zhengyu: born in 1970, master of business administration, senior accountant. Ever posted as section head, deputy director of the Shenzhen SASAC; deputy director of investigation department, Shenzhen state-owned assets supervision and administration supervision; deputy director and chief director of investigation department, Shenzhen People's government state-owned assets supervision and administration commission, chief accountant of Shenzhen Investment Holding co., LTD., director of Shenzhen Urban Construction Development (Group) Co., Ltd.; now he serves as deputy GM of Shenzhen Investment Holding Co., Ltd, supervisor of China Nanshan development group; and director of 9th BOD of the Company.

Mr. Huang Yu, was born in 1974, a MBA, senior accountant and Chinese CPA. He has served successively as principal staff member in social service department and second enterprise office of Shenzhen Municipal People's Government State-owned Assets Supervision & Administration Commission; deputy director, director and office chief in financial budget department of Shenzhen Investmetn Holding Co., Ltd., director of Shenzhen Yuetong Construction Engineering Co., Ltd. Now he serves as chief account in Shenzhen Investmetn Holding Co., Ltd.; director of Shenzhen General Institute of Architectural Design and Research Co., Ltd; dierctor of Shenzhen Urban Construction Development (Group) Co., Ltd and Shenzhen Kunpeng Equity Investment Management Co., Ltd.; and director of 9th BOD of the Company.

Mr. Fan Zhiqing, was born in 1949, a graduate degree, a senior accountant and senior economist. He has served successively as judge of title of a senior professional post in Guangdong Province and panelists, financial manager and CFO of large state-run or joint venture in Shenzhen, guest professor of Shenzhen University and Shenzhen Managers College, independent Director of Ocean's King Lighting Science & Technology Co., Ltd.; independent Director of Shenzhen Kingsignal Technology Co., Ltd.; Independent director of Shenzhen Universe

Group; he also served as independent director of 5th, 6th and 8th BOD of the Company; independent director of Shenzhen Shahe Industrial Co., Ltd; now he serves as independent director of Shenzhen SEG Co., Ltd. and independent director of 9th BOD of the Company.

Mr. Wu Shuping, was born in 1953, a Master degree and senior economist. He has served successively as deputy factory director of Shanghai Starter Motor Factory; deputy director of comprehensive division of General Office of Shanghai Municipal People's Government; Director and Deputy President of Asia Commerce Enterprises Consultant Co., Ltd. and Independent Director of Shenzhen Agricultural Products Co., Ltd and Chengdu Hi-Tech Investment Group. Now he serves as GM of Shanghai Baiyan Enterprise Management Consultant Co., Ltd, and Independent Director of 9th BOD of the Company.

Mr. Chen Cansong: born in 1972, bachelor degree. Successive director, politics and law committee of the district party committee, Shantou; assistant lawyer of Guangdong Xincheng Law firm; lawyer of Guangdong Ruite Law firm; now he is a lawyer and partner of Guangdong Dena Law Firm; outside director of Shenzhen State-owned Duty Free Commodities (Group) Co., Ltd. and independent director of 9th BOD of the Company.

Mr. Yan Zesong, was born in 1970, a university background. He served as Director and GM of Shenzhen Shenbao Huacheng Food Co., Ltd., President and chairman of Shenbao Huacheng Science and Technology Co., Ltd, supervisor of 6th Supervisory Committee of the Company and Director of 7th and 8th BOD of the Company. He now serves as Director and GM of 9th BOD of the Company

Ms. Li Yiyang, was born in 1966, Master Degree, Senior Human Resources Manager. She successively served as the Deputy Minister and Minister of H&R Department of the Company and supervisors of the 5th and 6th supervisory committee, director and secretary of 7th BOD of the Company and secretary of 8th BOD. Now she serves as the director of 9th BOD and Deputy GM and Secretary of the Board of the Company

(ii) Supervisor

Ms. Lin Hong, was born in 1965, senior accountant with master degree. She once was the accountant charge of Shenzhen Native Product & Animal By-Products & Tea I/E Co., accountant charge of Planning and Financial Department of Hesheng FUR & LEATHER CO., Ltd., deputy minister of Planning and Financial Department of Shenzhen Foreign Trade Xinhua Enterprise Co., accountant and deputy minister and minister of Planning and Financial Department of Agricultural Products and chairman of 7th and 8th supervisory committee of the Company. Now she serves as chairman of 9th supervisory committee of the Company.

Mr. Li Xinjian: born in 1972, bachelor's degree. He successively served as account, Deputy Minister of finance and accounting division in Shenzhen Urban Construction Development (Group) Co., Ltd. and he was the director of enterprise management dept.; the minister of Examination and Distribution unit in Shenzhen Investment Holding Co., Ltd. currently he serves as 3rd business minister of Shenzhen Investment Holding Co., Ltd.; director of China Resources Ng Fung meat products (Shenzhen) Co., Ltd.; director of Shenzhen Universe Group; director of Guoxin Securities Co., Ltd. and supervisor of 9th supervisory committee of the Company.

Mr. Luo Longxin, was born in 1961, bachelor degree and researcher in tea science, he took up an appointment in Tea research lab of Chinese Academy of Agricultural Sciences, working mainly in tea manufacture, tea beverage, condensed tea juice as well as research and technology development of deep processing of tea leaves, he took

charge of deputy director of research lab for tea manufacture and commissioner of academy commission. In 2008, he was awarded as Evaluation Expert for The State Technological Invention Award by the state technological invention award office. he served as charge in production and quality controller in Shenzhen Shenbao Huacheng Food Co., Ltd. and supervisor of 8th supervisory committee. Now he is CTO, person in charge of R&D center, supervisor of 9th supervisory committee and chairman of Shenzhen Shenbao Technology Center Co., Ltd.

(iii) Senior executive

Ms. Li Fang, was born in 1974 with master degree. She successively served as main charger, deputy chief, section chief and deputy director of Secretary Section; deputy minister of H&R Department; deputy director and director of Office of Supervisory Committee and supervisor of the 5th supervisory committee of Agricultural Products. Now she serves as deputy party secretary, SCID, deputy GM of the Company and chairman of Shenzhen Shenbao Properties Management Co., Ltd.

Mr. Qian Xiaojun, was born in 1972, a university background, a food engineer. He served in tea research institute of Chinese Academy of Agricultural Sciences, mainly engaged in research of further processing of tea as well as tea-making, tea beverage and concentrated tea; He successively served as technical chief and GM of Shenzhen Shenbao Huacheng Science and Technology Co., Ltd. Now he serves as Deputy GM of the Company and chairman of Hangzhou Jufangyong.

Mr. Yao Xiaopeng, was born in 1968, a university background, a food safety division. He has successively served as deputy GM and GM of Guangdong Shenbao Food Co., Ltd., Chairman of Shenbao Sanjing and GM assistant of the Company. Now he serves as deputy GM of the Company and chairman of Huizhou Shenbao Science & Technology Co., Ltd.

Ms. Wang Zhiping, was born in 1971, a university background, an accountant and non-practicing CPA. She has successively served as auditor, senior auditor and department manager of Shenzhen Dahua CPA; director assistant and director of accounting and financial department of the Company. Now she serves as CFO of the Company.

Post-holding in shareholder's unit

√ Applicable □ Not applicable

Name	Name of shareholder's units	Position	Start dated of office term	End date of office term	Weather receiving remuneration from shareholder's units
Li Jinhua	Shenzhen Agricultural Products Co., Ltd	Deputy chairman of the labour union			Y
Liu Zhengyu	Shenzhen Investment Holding Co., Ltd	Deputy GM			Y
HuangYu	Shenzhen Investment Holding Co., Ltd	Chief accountant			Y
Li Xinjian	Shenzhen Investment Holding Co., Ltd	Director of Enterprise 3 rd Dept.			Y
Explanation on post-holding in shareholder's	N/A				

unit	
------	--

Post-holding in other unit

Applicable Not applicable

Name	Name of other units	Position	Start dated of office term	End date of office term	Weather receiving remuneration from other units
Liu Zhengyu	China Nanshan Development Group	Supervisor			N
HuangYu	Shenzhen Urban Construction Development (Group) Co., Ltd	Director			N
	Shenzhen General Institute of Architectural Design and Research Co., Ltd	Director			N
	Shenzhen Kunpeng Equity Investment Management Co., Ltd.	Director			N
Fan Zhiqing	Shenzhen SEG Co., Ltd.	Independent director			Y
Wu Shuping	Shanghai Baiyan Enterprise Management Consultant Co., Ltd,	GM			Y
Chen Cansong	Guangdong Dena Law Firm	Lawyer, partner			Y
	Shenzhen State-owned Duty Free Commodities (Group) Co.,Ltd	Outside Director			N
Li Xinjian	China Resources Ng Fung meat products (Shenzhen) Co., Ltd	Director			N
	Shenzhen Universe Group	Director			N
	Guoxin Securities Co., Lrd	Director			N
Explanation on post-holding in other unit	N/A				

Punishment of securities regulatory authority in recent three years to the Company's current and outgoing directors, supervisors and senior management during the reporting period

Applicable Not applicable

IV. Remuneration for directors, supervisors and senior executives

Decision-making procedures, determination bases and actual payment of remunerations of directors, supervisors and senior management

(i) Basis and Decision-making Process for the Annual Reward of Company Directors, Supervisors and Senior Managers

During the reporting period, according to the headquarter compensation plan and performance measures, the

Company's board meeting remuneration and appraisal committee combined with the Company's annual business situation and individual performance appraisal result and determined the directors, supervisors and senior management personnel salary. The subsidiary standard of independent directors is subject to the resolution by the 2012 Annual General Meeting and adjusted as RMB 100,000 (tax included) per year for one person.

(ii) Total Compensation of Directors, Supervisors and Senior Managers

No directors, supervisors and senior executives resigned in the period, current directors, supervisors and senior executives' total remuneration obtained from the Company at period-end amounting to RMB 4,692,600 before tax for the year.

Remuneration for directors, supervisors and senior executives in reporting period

In ten thousand Yuan

Name	Title	Sex	Age	Post-holding status	Total remuneration obtained from the Company	Whether remuneration obtained from related party of the Company
Zheng Yuxi	Party Secretary, Chairman	M	55	Currently in office	63.03	N
Li Jinhua	Director	F	52	Currently in office	0	Y
Liu Zhengyu	Director	M	47	Currently in office	0	Y
HuangYu	Director	M	43	Currently in office	0	Y
Fan Zhiqing	Independent director	M	68	Currently in office	10	N
Wu Shuping	Independent director	M	64	Currently in office	10	N
Chen Cansong	Independent director	M	45	Currently in office	10	N
Yan Zesong	Director, GM	M	47	Currently in office	62.36	N
Li Yiyan	Director, Deputy GM, Secretary of the Board	F	51	Currently in office	54.72	N
Lin Hong	Chairman of supervisory committee	F	52	Currently in office	49.26	N
Li Xinjian	Supervisor	M	45	Currently in office	0	Y
Luo Longxin	Supervisor	M	56	Currently in	41.06	N

				office		
Li Fang	Deputy party secretary, SCID, Deputy GM	F	43	Currently in office	45.63	N
Qian Xiaojun	Deputy GM	M	45	Currently in office	45.63	N
Yao Xiaopeng	Deputy GM	M	49	Currently in office	36.51	N
Wang Zhiping	CFO	F	46	Currently in office	41.06	N
Total	--	--	--	--	469.26	--

Delegated equity incentive for directors, supervisors and senior executives in reporting period

Applicable Not applicable

V. Particulars of workforce

1. Number of Employees, Professional composition, Education background

Employee in-post of the parent Company(people)	64
Employee in-post of main Subsidiaries (people)	705
The total number of current employees(people)	769
The total number of current employees to receive pay (people)	769
Retired employee' s expenses borne by the parent Company and main Subsidiaries(people)	0
Professional composition	
Category of professional composition	Numbers of professional composition (people)
Production personnel	376
Salesperson	107
Technicians	71
Financial personnel	50
Administrative personnel	165
Total	769
Education background	
Education	Numbers (people)
Postgraduate or above	26
Undergraduate	168
3-years regular college graduate	131

Polytechnic school graduate	16
Senior middle school graduate or below	428
Total	769

2. Remuneration Policy

During the reporting period, employee wages was paid monthly according to salary management provisions set by the Company, and the performance-related pay was issued based on the actual situation of benefit and individual performance assessment results at the year-end.

3. Training Plan

With the development of corporate strategy planning and the implementation of management by objectives, all modules of the Company has more diversified and comprehensive quality requirements for all kinds of personnel, especially key talent in the key positions. Hereby, the company gradually planned and established a learning organization, covering all employees, in 2016, based on the learning style of carrying on the association-online-offline “trinity”, adopted the rather mature “action learning” new training methods which have been used by the world-wide large-scale groups, let employees constitute groups, implemented “learning by doing” with the mutual supports of team members, and solved the problems in the practical work programs to achieve its leadership development. In the first phase action learning growth training camp of 2016, the company focused on the company's business development topics, explored and developed a batch of promising talents, in 2017, the company will also adhere to the "action learning" training methods, fully mobilize the enthusiasm of employees, so that the employees can master the knowledge and skills while solving practical problems, further improve self-quality, and enhance their own abilities. meanwhile, the Company will take professionalism and specialization as theme, continue to promote the construction of the training system, to create media around positive tea culture, combine professional knowledge, skills and strategic objectives, culture, institution and other to carry out diverse forms of learning. Put the staff training on strategic height, set up a strategic concept based on development objectives and strategies to develop training programs to make the training and long-term development of the enterprise closely. For enterprise executives and key personnel, focus on training and awareness of its innovative thinking, combined with the industry and the Company needs to break through limitations of thinking, and actively absorb and share, expand learning and hot discussions. During specific work carried out in 2017, all training activities shall be focused on corporate strategy and business development, so that set plans by demand to promote the implementation of plans to see effects.

4. Labor outsourcing

Applicable Not applicable

Section IX. Corporate governance

I. Brief introduction of corporate governance

During the reporting period, the Company constantly improved the corporate governance structure, improved the quality of corporate governance, and established a sound internal control system, strictly in accordance with corporate governance requirements of normative documents released by the "Company Law", "Securities Law, Corporate Governance Guidelines" and "Standardize Operational Guidelines to Main Board Listed Companies of Shenzhen Stock Exchange. The Company continued to carry out the governance activities, improved the standard operation level, and safeguarded the legitimate interests of the Company and investors.

(i) Accountability among Shareholders' General Meeting, the Board of Directors and Supervisors were clear, we strictly implemented the rules from the "Articles of Association" during the reporting period as well as work regulations and other basic management system to ensure the effective implementation of the internal control system.

(ii) Government mechanism formulated and revised by the Company as:

Serial	Mechanism	Disclosure index
1	Implementing Rules of Inforamtion Disclosure Committee (April 2016)	Released on juchao website (www.cninfo.com.cn) dated 26 April 2016
2	Article of Association (October 2016)	Released on juchao website (www.cninfo.com.cn) dated 14 October 2016

Is there any difference between the actual condition of corporate governance and relevant regulations about corporate governance for listed Company from CSRC?

Yes No

There are no differences between the actual condition of corporate governance and relevant regulations about corporate governance for listed Company from CSRC.

II. Independence of the Company in aspect of business, personnel, assets, institute and finance relative to its controlling shareholder

By the end of the reporting period, agricultural products held by controlling shareholders account for 19.09 percent .The Company, in strict accordance with the governance rules of listed corporate and other relevant provisions, completely separates from the controlling shareholders in business, finance, personnel, assets, organizations, and has independent full business and self management ability.

1. Independent Business:

The business of the Company is independent from controlling shareholders and has complete business and self management ability and is mainly engaged in tea, food and beverage products production, and sale. It develops business alone, not depends on the shareholders and their affiliated enterprises, which has no competition with

controlling shareholder and its subordinate enterprises. The controlling shareholder has no direct or indirect intervention in the Company business activities.

2. Independent Staff:

The Company has special organization to manage labor and payment, and has independent perfect personnel system and collective management system. General manager of the Company as well s deputy GM, secretary of the Board, CFO and other senior executives are received remuneration from the Company, and are not received remuneration from shareholders” unit and subordinate enterprises and holding the post except director or supervisor. All the Company's directors, supervisors are elected through legal procedures. The general manager, deputy general manager, chief financial officer and the board secretary are appointed by the board meeting. The Company has independent power of appointment and removal of personnel.

3. Independent Assets:

The Company has independent and integrity asset structure, has independent production system, auxiliary production systems and supporting facilities, and has independent purchase and sales system. There is no controlling shareholder's non business occupation of money and the property.

4. Independent Organization:

The Company has set up a sound organizational structure system and operates independently; owns production and business operation place independent from the controlling shareholders; there is no mixed operation between the Company and controlling shareholders.

5. Financial Independent:

The Company, with independent financial department, has set up independent accounting system and financial management system and makes financial decision independently. With independent bank accounts, tax payment, the Company strictly follows the financial system and has independent operation and standardized management. There is no intervention into financial and accounting activity by controlling shareholder.

III. Horizontal Competition

Applicable Not applicable

IV. In the report period, the Company held annual general meeting and extraordinary shareholders’ general meeting

1. Annual General Meeting in the report period

Session of meeting	Type	Ratio of investor participation	Date	Date of disclosure	Index of disclosure
Annual General Meeting of 2015	AGM	0.03%	2016-05-17	2016-05-18	Disclosed at www.cninfo.com.cn on No. 2016-21 " resolutions Announcement to 2015 Annual General Shareholders’ meeting of

					Shenzhen Shenbao Industrial Co., Ltd. " on May 18, 2016
First extraordinary general meeting of 2016	Extraordinary general meeting	0.01%	2016-10-14	2016-10-15	Disclosed at www.cninfo.com.cn on No. 2016-35 " resolutions Announcement to First extraordinary general meeting of 2016 " on 15 Oct. 2016

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

Applicable Not applicable

V. Responsibility performance of independent directors

1. The attending of independent directors to Board meetings and general meeting

The attending of independent directors						
Independent director	Times of Board meeting supposed to attend in the report period	Times of Presence	Times of attending by communication	Times of entrusted presence	Times of Absence	Whether absent the Meeting for the second time in a row or not
Fan Zhiqing	5	3	0	2	0	Y
Wu Shuping	5	1	4	0	0	N
Chen Cansong	5	5	0	0	0	N
Times attending shareholders' general meeting from independent directors		1				

Explanation of absent the Board Meeting for the second time in a row

Mr. Fan Zhiqing absent the 7th session and 8th session of 9th BOD due to personnel reasons, and he entrust independent director Mr. Chen Cansong to attend and exercise the right of voting.

2. Objection for relevant events from independent directors

Independent directors come up with objection about Company's relevant matters

Yes No

Independent directors has no objections for relevant events in reporting period

3. Other explanation about responsibility performance of independent directors

The opinions from independent directors have been adopted

Yes No

Explanation on advice that accepted/not accepted from independent directors

During the reporting period, independent directors of the Company was in strict accordance with relevant laws from the "Articles of Association", the "Company Law", "Guidance to Establishment of Independent Director System in Listed Companies ", and actively attended board meetings, shareholders' meetings. We issued independent professional opinion for important issues. And we sustained attention to the operating, inspected and guided the management work from time to time, learned about internal control system, implementation progress of the equity investment project, etc., and continue to enhance consciousness of performing duties according to law, express independent and impartial advice for investment outside, related party transactions, hiring auditors and other matters occurred during the reporting period in time. Duties performance of independent directors has improved the corporate governance structure and safeguarded the interests of the Company and its shareholders. From performance of duties of Independent Directors please note from "2016 Annual Work Report of Independent Directors" detailed in www.cninfo.com.cn on disclosure.

VI. Performance of Duties by Specialized Committees under the Board Meeting in the Reporting Period

1. Performance of Duties by the Strategy Committee of the Board

During the reporting period, the strategy committee of the Board held two meetings which has considered and approved the "Terminate invest in the establishment of Yunnan Yuncha Micro-Credit Company" and "proposal of transferring 100% equity of Shenzhen Yidaxiang Real Estate Co., Ltd." seriously discussed and analyzed the Company's strategic development, raised the professional opinions and suggestions.

2. Performance of Duties by the Auditing Committee

In the reporting period, totally three meetings are held by auditing committee for annual report of the Company, Annual Report 2015, semi-annual report 2016, 1st quarterly report and 3rd quarterly report 2016 deliberation; and confirmed that the financial report satisfy requirement of Accounting rules and present a fair and complete financial status, operation results and cash flow of the Company; examined the construction progress of internal control, carried a professional opinions for the auditing institution appointed outside the Company, guarantee the Company finished auditing on schedule. Auditing committee of the Company earnestly following the principle of diligence, play a supervise role in full and protect the independency of the auditing.

3. Performance of Duties by the Remuneration and Appraisal Committee

During the reporting period, the remuneration and appraisal committee has held one meetings to examine the 2015 annual performance factor according to the regulation of performance management measures for the headquarters, and inspected the 2015 annual salary for the Company's directors, supervisors and senior managers, at the same time, made confirmation for the operating performance indicators in 2016.

VII. Works from Supervisory Committee

Whether the Company has risks or not in reporting period that found in supervisory activity from supervisory committee

Yes No

Supervisory committee has no objection about supervision events in reporting period.

VIII. Appraisal and incentive mechanism for senior executives

The personnel department of the Company is based on the Company's overall business performance and achievement of management index, the remuneration and appraisal committee under the board meeting of the Company will carry on comprehensive evaluation in accordance with the headquarter performance management method, take it as the basis for salary adjustment and rewards of senior management personnel and then implement after the approval of the board meeting and general meeting. The Company will further explore the effective incentive mechanism to fully arouse the initiative and enthusiasm of management, promoting the sustainable and stable development of the Company.

IX. Internal control

1. Details of major defects in IC appraisal report that found in reporting period

Yes No

2. Appraisal Report of Internal Control

Disclosure date of full internal control evaluation report	2017-04-24	
Disclosure index of full internal control evaluation report	Juchao information website (www.cninfo.com.cn)	
The ratio of the total assets of units included in the scope of evaluation accounting for the total assets on the Company's consolidated financial statements	92.90%	
The ratio of the operating income of units included in the scope of evaluation accounting for the operating income on the Company's consolidated financial statements	93.70%	
Defects Evaluation Standards		
Category	Financial Reports	Non-financial Reports
Qualitative criteria	Qualitative evaluation criteria of financial reporting are as follows: Major defects: Defect alone or together with other defects in a timely manner cause unpreventable or undetectable and uncorrectable material misstatement in the financial statements. The Company may indicate the presence of significant deficiencies in internal control over financial reporting if following circumstances:	Qualitative evaluation criteria for Identified internal control deficiencies in non-financial reporting are as follows: the Company may indicate the presence of significant deficiencies related to non-financial reporting internal control if following circumstances: (1)The lack of democratic decision-making

	<p>(1)The directors, supervisors and senior management fraud; (2) Enterprise corrected mistake which has been published in financial statements; (3) CPA found material misstatement in current financial statements, but internal control during operation failed to find the misstatements; (4) Oversight of internal control by Corporate Audit Committee and the internal audit is invalid; (5) Particularly important or significant deficiencies found during internal control has not been rectified; (6) The lack of business-critical system or invalid system. Important defect: defect alone or together with other defects in a timely manner cause unpreventable or undetectable and uncorrectable material misstatement in the financial statements, although not reach and exceed the level of importance, should lead to management attention misstatements. General Defects: other internal defects do not pose a significant or important defect control deficiencies.</p>	<p>process, such as the lack of decision-making on major issues, an important appointment and dismissal of cadres, major investment decisions, large sums of money using the decision-making process; (2)Decision-making process is not scientific, such as major policy mistakes, resulting in significant property damage to the Company; (3) Serious violations of national laws and regulations; (4) Loss of key executives or loss of a large number of key talent; (5) Negative media news are frequent. Other cases are determined by the degree of influence as an important general defect or common defects.</p>
<p>Quantitative standard</p>	<p>Qualitative criteria of financial reporting are as follows: General Defects: reported wrongly <0.5% of total capital or reported wrongly<0.5% of operating income; Important flaw: 0.5% of total assets ≤ reported wrongly <1% of total assets or 0.5% of operating income ≤ misstatements <1% of revenue; Major flaw: misstatement ≥ 1% of total assets or misstatements ≥ 1% of revenue.</p>	<p>Qualitative evaluation criteria for Identified internal control deficiencies in non-financial reporting are as follows: General defects: the amount of direct property loss of 10 million (10 million) and ~ 1.5 million yuan by the provincial (including provincial) government the following penalties but the Company disclosed in periodic reports on the negative impact; Important flaw: the amount of direct property loss of 1.5 million yuan (including 1.5 million yuan) ~ 3 million yuan and punished by the state government but the Company disclosed in periodic reports on the negative impact; Major flaw: the amount of direct property loss of 3 million yuan and above and have been officially disclosed outside the Company disclosed in periodic reports and adversely affected.</p>
<p>Amount of significant defects in financial reports</p>	0	
<p>Amount of significant defects in</p>	0	

non-financial reports	
Amount of important defects in financial reports	0
Amount of important defects in non-financial reports	0

X. Self-evaluation report of internal control

Applicable Not applicable

Deliberations in Internal Control Audit Report	
Dahua Certified Public Accountants (special general partnership) believes Shenshenbao Company was in accordance with the "basic norms of internal control" and the relevant provisions and maintained effective internal control of financial reporting in all material respects on 31 Dec 2016.	
Disclosure details of audit report of internal control	Disclosed
Disclosure date of audit report of internal control (full-text)	2017-04-24
Index of audit report of internal control (full-text)	Juchao Information Website (www.cninfo.com.cn)
Opinion type of auditing report of IC	Standard unqualified
Whether the non-financial report had major defects	No

Whether modified audit opinions carried out for the audit report of internal control from CPA or not

Yes No

Whether audit report of internal control, issued by CPA, is in agreement with self-evaluation report, issued by the Board

Yes No

Section X Corporate Bond

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

Yes No

Section XI. Financial Report

I. Audit report

Type of audit opinion	Standard unqualified opinion
Signing date of audit report	2017-04-21
Name of audit institute	Dahua Certified Public Accountants (Special General Partnership)
Document serial of audit report	Dahua Shen Zi [2017] No. 004812
Name of the CPA	Chen Baohua, Su Qing

Auditor's Report

Dahua Shen Zi [2017] No.004812

To all shareholders of SHENZHEN SHENBAO INDUSTRIAL CO., LTD.:

We have audited the Company's consolidated and parent Company's financial statements of Shenzhen Shenbao Industrial Co., Ltd ("the Company"), including balance sheet of 31 December 2016 and profit statement, and cash flow statement, and statement on changes of shareholders' equity for the year ended, and notes to the financial statements for the year ended.

I. Management's responsibility for the financial statements

Management of the Company is responsible for prepare and present financial statement of the Company, which including: (1) Prepare financial statements with fair presentation in line with Accounting Standards for Business Enterprises; (2) Designing, executed and maintaining necessary internal control in order to prevent fundamental miscarrying in financial statement from fraudulent or errors.

II. Auditor's responsibility

Our responsibility is to express an audit opinion on these financial statements based on our audit. We performed our audit in accordance with Chinese Certified Public Accountants' Auditing Standards. Those standards require us to comply with professional ethics, and to plan and perform our audit so as to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures of the financial statements. The selective audit procedures depend on auditor's judgment, including the evaluation of the risk of material misstatement of the consolidated financial statements due to frauds or errors. When evaluating risk, we consider internal control related to financial statements, in order to design auditing procedures, but not for the purpose of expressing an opinion on the internal control's effectiveness. An audit also includes assessing the appropriateness of the accounting policies adopted and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that we have obtained sufficient and appropriate audit evidences to provide a basis for our audit

opinion.

III. Auditing opinion

In our opinion, the Company's financial statements have been prepared in accordance with the Enterprises Accounting Standards and Enterprises Accounting System, and they fairly present the financial status of the Company and its consolidated statement as of December 31, 2016, and its operation results of the parent Company and consolidate statement and cash flows for the year ended.

Dahua Certified Public Accountants (Special General
Partnership)

Beijing ·China

Chinese CPA: Chen Baohua

Chinese CPA: Su Qing

21 April 2017

II. Financial Statement

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

1. Consolidated Balance Sheet

Prepared by Shenzhen Shenbao Industrial Co., Ltd

2016-12-31

In RMB

Items	2016.12.31	2016.1.1
Current assets:		
Monetary fund	358,564,242.83	148,013,887.15
Settlement provisions		
Capital lent		
Financial assets measured by fair value and with variation reckoned into current gains/losses	3,250,938.60	3,586,352.90
Derivative financial assets		
Notes receivable		38,922.90
Account receivable	62,582,867.63	75,948,016.12
Account paid in advance	6,321,827.64	18,601,600.34
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Interest receivable		
Dividends receivable		
Other receivables	22,643,449.94	22,019,771.94
Purchase restituted finance asset		
Inventory	140,951,059.39	175,822,373.53
Divided into assets held for sale		
Non-current assets due within one year		
Other current assets	11,299,954.58	2,012,976.56
Total current assets	605,614,340.61	446,043,901.44
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	5,866,481.63	7,034,953.91
Investment property	18,872,865.36	18,809,193.68
Fix assets	333,013,767.86	358,418,473.54
Construction in process	54,574.34	6,790,574.90
Project materials		
Disposal of fixed assets		
Productive biological assets	426,463.64	436,156.00
Oil and natural gas assets		
Intangible assets	195,678,353.58	193,057,370.27
Research and development costs		
Goodwill	673,940.32	
Long-term deferred expenses	13,312,189.59	15,993,354.47
Deferred income tax assets	4,973,248.37	4,436,279.25
Other non-current assets		9,381,000.00
Total non-current assets	572,929,384.69	614,414,856.02
Total assets	1,178,543,725.30	1,060,458,757.46
Current liabilities:		
Short-term loans	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	15,782,288.29	24,821,587.58
Accounts received in advance	2,379,824.13	3,714,591.93
Selling financial asset of repurchase		
Commission charge and commission payable		

Wage payable	16,279,706.84	12,357,984.32
Taxes payable	26,345,138.53	21,308,373.62
Interest payable		
Dividend payable	2,909,182.74	2,909,182.74
Other accounts payable	46,119,690.25	23,637,606.15
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	114,815,830.78	88,749,326.34
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	12,335,552.15	12,932,278.81
Deferred income tax liabilities	1,653,779.51	1,639,143.22
Other non-current liabilities		
Total non-current liabilities	13,989,331.66	14,571,422.03
Total liabilities	128,805,162.44	103,320,748.37
Owners' equity:		
Share capital	451,620,276.00	301,080,184.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		

Capital reserve	367,172,017.79	518,186,660.59
Less: Inventory shares		
Other comprehensive income		
Reasonable reserve		
Surplus reserve	54,736,482.14	49,670,863.23
Provision of general risk		
Retained profit	158,239,612.94	66,684,572.93
Total owners' equity attributable to parent company	1,031,768,388.87	935,622,280.75
Minority interests	17,970,173.99	21,515,728.34
Total owners' equity	1,049,738,562.86	957,138,009.09
Total liabilities and owner's equity	1,178,543,725.30	1,060,458,757.46

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

2016-12-31

In RMB

Items	2016.12.31	2016.1.1
Current assets:		
Monetary fund	305,477,853.97	116,074,656.42
Financial assets measured by fair value and with variation reckoned into current gains/losses	3,250,938.60	3,586,352.90
Derivative financial assets		
Notes receivable		
Account receivable	40,123,423.12	32,750,583.18
Account paid in advance		6,476,875.00
Interest receivable		
Dividends receivable		
Other receivables	212,821,890.56	222,807,412.34
Inventory	7,784,904.36	40,232,342.98
Divided into assets held for sale		
Non-current assets due within one		

year		
Other current assets	9,895,236.82	267,230.32
Total current assets	579,354,247.43	422,195,453.14
Non-current assets:		
Available-for-sale financial assets		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investment	916,622,212.24	892,812,451.85
Investment property	18,872,865.36	40,167,700.24
Fix assets	33,686,897.31	34,546,366.05
Construction in process		
Project materials		
Disposal of fixed assets		
Productive biological assets	426,463.64	436,156.00
Oil and natural gas assets		
Intangible assets	7,742,703.23	7,692,860.86
Research and development costs		
Goodwill		
Long-term deferred expenses	837,768.34	1,060,072.56
Deferred income tax assets	3,288,450.21	3,005,903.22
Other non-current assets		
Total non-current assets	981,477,360.33	979,721,510.78
Total assets	1,560,831,607.76	1,401,916,963.92
Current liabilities:		
Short-term loans	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	47,165,259.53	50,179,887.87
Accounts received in advance	495,004.08	377,054.09
Wage payable	9,641,601.54	6,073,389.24
Taxes payable	15,711,497.39	19,194,680.96
Interest payable		

Dividend payable	2,909,182.74	2,909,182.74
Other accounts payable	306,770,480.94	200,789,188.11
Divided into liability held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	387,693,026.22	279,523,383.01
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	48,348.52	49,920.00
Deferred income tax liabilities	542,468.13	452,164.28
Other non-current liabilities		
Total non-current liabilities	590,816.65	502,084.28
Total liabilities	388,283,842.87	280,025,467.29
Owners' equity:		
Share capital	451,620,276.00	301,080,184.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital reserve	382,444,482.45	532,984,495.26
Less: Inventory shares		
Other comprehensive income		
Reasonable reserve		
Surplus reserve	54,736,482.14	49,670,863.23
Retained profit	283,746,524.30	238,155,954.14
Total owners' equity	1,172,547,764.89	1,121,891,496.63

Total liabilities and owner's equity	1,560,831,607.76	1,401,916,963.92
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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

2016

In RMB

Items	2016	2015
I. Total operating income	273,383,642.99	338,224,512.31
Including: Operating income	273,383,642.99	338,224,512.31
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	341,363,913.26	388,803,094.50
Including: Operating cost	204,648,621.41	247,443,735.69
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	1,138,024.68	10,810,030.41
Sales expenses	44,338,389.32	46,050,246.67
Administration expenses	86,120,689.47	80,515,335.69
Financial expenses	-1,182,236.05	-1,951,620.60
Losses of devaluation of asset	6,300,424.43	5,935,366.64
Add: Changing income of fair	-335,414.30	1,808,657.11

value(Loss is listed with “-”)		
Investment income (Loss is listed with “-”)	162,493,453.10	535,500.67
Including: Investment income on affiliated company and joint venture	-2,465,646.48	-1,557,732.43
Exchange income (Loss is listed with “-”)		
III. Operating profit (Loss is listed with “-”)	94,177,768.53	-48,234,424.41
Add: Non-operating income	20,473,591.76	7,894,927.66
Including: Disposal gains of non-current asset	7,497,465.72	
Less: Non-operating expense	445,282.09	85,552.86
Including: Disposal loss of non-current asset	27,136.96	37,081.52
IV. Total Profit (Loss is listed with “-”)	114,206,078.20	-40,425,049.61
Less: Income tax expense	24,060,552.12	2,535,502.30
V. Net profit (Net loss is listed with “-”)	90,145,526.08	-42,960,551.91
Net profit attributable to owner’s of parent company	96,620,658.92	-35,256,169.10
Minority shareholders’ gains and losses	-6,475,132.84	-7,704,382.81
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	90,145,526.08	-42,960,551.91
Total comprehensive income attributable to owners of parent Company	96,620,658.92	-35,256,169.10
Total comprehensive income attributable to minority shareholders	-6,475,132.84	-7,704,382.81
VIII. Earnings per share:		
(i) Basic earnings per share	0.2139	-0.0781
(ii) Diluted earnings per share	0.2139	-0.0781

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

2016

In RMB

Items	2016	2015
I. Operating income	126,457,763.47	162,825,129.46
Less: Operating cost	115,553,924.00	114,794,632.02
Operating tax and extras	-2,574,861.08	9,288,136.44
Sales expenses	4,529,308.46	5,117,885.61
Administration expenses	32,118,546.43	31,611,579.25
Financial expenses	-848,524.77	-774,003.34
Losses of devaluation of asset	1,131,687.92	5,657,407.31
Add: Changing income of fair value(Loss is listed with “-”)	-335,414.30	1,808,657.11
Investment income (Loss is listed with “-”)	73,867,977.33	789,456.51
Including: Investment income on affiliated company and joint venture	-190,239.61	-1,298,023.19
II. Operating profit (Loss is listed with “-”)	50,080,245.54	-272,394.21
Add: Non-operating income	16,037,041.78	4,465,085.69
Including: Disposal gains of non-current asset		
Less: Non-operating expense		7,053.55
Including: Disposal loss of non-current asset		6,650.00
III. Total Profit (Loss is listed with “-”)	66,117,287.32	4,185,637.93
Less: Income tax expense	15,461,098.25	2,311,491.45
IV. Net profit (Net loss is listed with “-”)	50,656,189.07	1,874,146.48
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	50,656,189.07	1,874,146.48
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

2016

In RMB

Items	2016	2015
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	376,950,458.97	414,424,898.08
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	182,087.90	1,165,924.42
Other cash received concerning operating activities	58,269,021.81	15,838,610.41
Subtotal of cash inflow arising from operating activities	435,401,568.68	431,429,432.91
Cash paid for purchasing commodities and receiving labor	211,020,152.09	305,049,300.64

service		
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	74,602,147.23	68,761,736.29
Taxes paid	36,660,085.62	33,720,659.00
Other cash paid concerning operating activities	51,378,615.62	69,860,826.07
Subtotal of cash outflow arising from operating activities	373,661,000.56	477,392,522.00
Net cash flows arising from operating activities	61,740,568.12	-45,963,089.09
II. Cash flows arising from investing activities:		
Cash received from recovering investment	130,000,000.00	223,000,000.00
Cash received from investment income	821,891.58	2,093,233.10
Net cash received from disposal of fixed, intangible and other long-term assets	13,745.00	7,000.00
Net cash received from disposal of subsidiaries and other units	177,514,708.73	
Other cash received concerning investing activities	2,058,212.72	
Subtotal of cash inflow from investing activities	310,408,558.03	225,100,233.10
Cash paid for purchasing fixed, intangible and other long-term assets	32,111,042.90	34,267,963.43
Cash paid for investment	144,250,000.00	230,550,000.00
Net increase of mortgaged loans		

Net cash received from subsidiaries and other units		
Other cash paid concerning investing activities	2,860,010.31	
Subtotal of cash outflow from investing activities	179,221,053.21	264,817,963.43
Net cash flows arising from investing activities	131,187,504.82	-39,717,730.33
III. Cash flows arising from financing activities		
Cash received from absorbing investment	11,250,000.00	6,460,000.00
Including: Cash received from absorbing minority shareholders' investment by subsidiaries	11,250,000.00	6,460,000.00
Cash received from loans	55,000,000.00	
Cash received from issuing bonds		
Other cash received concerning financing activities	2,250,079.19	230.92
Subtotal of cash inflow from financing activities	68,500,079.19	6,460,230.92
Cash paid for settling debts	50,000,000.00	40,000,000.00
Cash paid for dividend and profit distributing or interest paying	825,895.83	159,000.00
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	50,825,895.83	40,159,000.00
Net cash flows arising from financing activities	17,674,183.36	-33,698,769.08
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	448,099.38	45,697.21
V. Net increase of cash and cash equivalents	211,050,355.68	-119,333,891.29

Add: Balance of cash and cash equivalents at the period -begin	147,513,887.15	266,847,778.44
VI. Balance of cash and cash equivalents at the period -end	358,564,242.83	147,513,887.15

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

2016

In RMB

Items	2016	2015
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	198,021,990.22	215,407,817.33
Write-back of tax received	27,140.22	294,629.58
Other cash received concerning operating activities	144,632,517.40	40,493,400.09
Subtotal of cash inflow arising from operating activities	342,681,647.84	256,195,847.00
Cash paid for purchasing commodities and receiving labor service	157,962,478.44	168,435,330.20
Cash paid to/for staff and workers	17,399,885.56	13,710,719.90
Taxes paid	19,508,848.80	18,018,998.90
Other cash paid concerning operating activities	22,049,676.22	35,704,152.32
Subtotal of cash outflow arising from operating activities	216,920,889.02	235,869,201.32
Net cash flows arising from operating activities	125,760,758.82	20,326,645.68
II. Cash flows arising from investing activities:		
Cash received from recovering investment	130,000,000.00	220,000,000.00

Cash received from investment income	821,891.58	2,087,479.70
Net cash received from disposal of fixed, intangible and other long-term assets	33,095,045.31	
Net cash received from disposal of subsidiaries and other units	79,023,330.00	
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities	242,940,266.89	222,087,479.70
Cash paid for purchasing fixed, intangible and other long-term assets	2,293,831.28	1,695,956.00
Cash paid for investment	167,850,000.00	235,000,000.00
Net cash received from subsidiaries and other units		
Other cash paid concerning investing activities	1,287,004.64	
Subtotal of cash outflow from investing activities	171,430,835.92	236,695,956.00
Net cash flows arising from investing activities	71,509,430.97	-14,608,476.30
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans	55,000,000.00	
Cash received from issuing bonds		
Other cash received concerning financing activities	79.19	230.92
Subtotal of cash inflow from financing activities	55,000,079.19	230.92
Cash paid for settling debts	50,000,000.00	40,000,000.00
Cash paid for dividend and profit distributing or interest paying	950,646.97	159,000.00
Other cash paid concerning financing activities	11,925,000.00	
Subtotal of cash outflow from financing	62,875,646.97	40,159,000.00

activities		
Net cash flows arising from financing activities	-7,875,567.78	-40,158,769.08
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	8,575.54	7,336.56
V. Net increase of cash and cash equivalents	189,403,197.55	-34,433,263.14
Add: Balance of cash and cash equivalents at the period -begin	116,074,656.42	150,507,919.56
VI. Balance of cash and cash equivalents at the period -end	305,477,853.97	116,074,656.42

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

2016

In RMB

Items	2016												
	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	301,080,184.00				518,186,660.59				49,670,863.23		66,684,572.93	21,515,728.34	957,138,009.09

beginning of this year													
III. Increase/Decrease in this year (Decrease is listed with “-”)	150,540,092.00				-151,014,642.80				5,065,618.91		91,555,040.01	-3,545,554.35	92,600,553.77
(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	3,510,750.19
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 distribution									5,065,618.91		-5,065,618.91		
1. Withdrawal of									5,065,618.91		-5,065,618.91		

surplus reserves													
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

In RMB

Items	2015												
	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				518,186,429.67				49,483,448.58		102,128,156.68	22,760,111.15	993,638,330.08
Add: Changes of accounting policy													
Error correction of the last period													
Enterprise combine under the same control													

Other													
II. Balance at the beginning of this year	301,080,184.00				518,186,429.67				49,483,448.58		102,128,156.68	22,760,111.15	993,638,330.08
III. Increase/Decrease in this year (Decrease is listed with “-”)					230.92				187,414.65		-35,443,583.75	-1,244,382.81	-36,500,320.99
(i) Total comprehensive income											-35,256,169.10	-7,704,382.81	-42,960,551.91
(ii) Owners’ devoted and decreased capital												6,460,000.00	6,460,000.00
1.Common shares invested by shareholders												6,460,000.00	6,460,000.00
2. Capital invested by holders of other equity instruments													
3. Amount reckoned into owners equity with share-based payment													
4.Other													
(III) Profit distribution									187,414.65		-187,414.65		
1. Withdrawal of surplus reserves									187,414.65		-187,414.65		

2. Withdrawal of general risk provisions													
3. Distribution for owners (or shareholders)													
4. Other													
(IV) Carrying forward internal owners' equity					230.92								230.92
1. Capital reserves converted to capital (share capital)													
2. Surplus reserves converted to capital (share capital)													
3. Remedying loss with surplus reserve													
4. Other					230.92								230.92
(V) Reasonable reserve													
1. Withdrawal in the report period													
2. Usage in the report period													
(VI) Others													

IV. Balance at the end of the report period	301,080,184.00				518,186,660.59				49,670,863.23		66,684,572.93	21,515,728.34	957,138,009.09
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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

2016

In RMB

Items	2016										
	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 income												50,656,189.07	50,656,189.07
(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 conversed to capital	150,540,092.00					-150,540,092.00							

(share capital)											
2. Surplus reserves converted to capital (share capital)											
3. Remedying 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

In RMB

Items	2015										
	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				532,984,264.34				49,483,448.58	236,469,222.31	1,120,017,119.23

Add: Changes of accounting policy											
Error correction of the last period											
Other											
II. Balance at the beginning of this year	301,080,184.00				532,984,264.34				49,483,448.58	236,469,222.31	1,120,017,119.23
III. Increase/ Decrease in this year (Decrease is listed with “-”)					230.92				187,414.65	1,686,731.83	1,874,377.40
(i) Total comprehensive income										1,874,146.48	1,874,146.48
(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									187,414.65	-187,414.65	
1. Withdrawal of surplus									187,414.65	-187,414.65	

reserves											
2. Distribution for owners (or shareholders)											
3. Other											
(IV) Carrying forward internal owners' equity					230.92						230.92
1. Capital reserves converted to capital (share capital)											
2. Surplus reserves converted to capital (share capital)											
3. Remedying loss with surplus reserve											
4. Other					230.92						230.92
(V) Reasonable reserve											
1. Withdrawal in the report period											
2. Usage in the report period											
(VI) Others											
IV. Balance at the end of the report period	301,080,184.00				532,984,495.26				49,670,863.23	238,155,954.14	1,121,891,496.63

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

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.

Registered 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.

1. 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 powder 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).

1. Report approval for the financial statement

The statement has been approved by the Board dated 21 April 2017 for reporting

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 Investment for short)	Wholly-owned subsidiary	First grade	100	100
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
Wuyishan Shenbao Rock Tea Co., Ltd. (Shenbao Rock Tea for short)	Holding subsidiary	Second grade	100	100
Hangzhou Fuhaitang Tea Ecological Technology Co., Ltd. (Fuhaitang Ecological for short)	Holding subsidiary	Second grade	100	92
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
Yunnan Pu'er Tea Trading Center Co., Ltd. (hereinafter referred to as Pu'er Tea Trading Center)	Holding subsidiary	First grade	55	55

Share-holding ratio difference with voting right ratio and explanation on those holding half or below shares but controlling invested unit, found more in (i) Equity in subsidiary of Note IX. Equity in Other entity Body included in consolidated financial statement in the period has 4 increased by compare with same period of last year, including:

1. Subsidiary newly included in consolidated financial statement

Item	Reasons for change
Pu'er Tea Trading Center	Share holding goes to 55% from 40%
Shenbao Rock Tea	New established after division
Yidaxiang Real Estate	New established
Huizhou Shenbao Food	New established

2. Subsidiary, special purpose entity, and operational entities lose controlling rights by entrusted operation or commissioned rental

Item	Reasons for change
Shenbao Shengyuan	Quit after equity transfer
Shenbao Yuxing	Quit after division
Yidaxiang Real Estate	Quit after equity transfer

Found more in Note VIII. Change of consolidate scope

3. 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 manage 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

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

No

Specific accounting policies and estimation attention:

Nil

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

1) 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.

2) 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

2. 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:

3. 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.
4. 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.
5. 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.

6. 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:

7. To recognize separately-held assets and jointly-held assets under its proportion;
8. To recognize separately-assumed liabilities and jointly-assumed liabilities under its proportion;
9. To recognize revenue from disposal of the output which the Company is entitled to under the proportion;
10. To recognize revenue from disposal of the output under the proportion;
11. To recognize separately occurred expenses, and to recognize expenses occurred for joint operations under its proportion.

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

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

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

8. Recognition standards for cash and cash equivalents

When preparing cash flow statement, the Company recognized the stock cash and deposits available for payment at any time as cash, and investments featuring with the following four characters at the same time as cash equivalents: short term (expire within 3 months commencing from purchase day), active liquidity, easy to convert to already-known cash, and small value change risks.

9. Foreign currency business and conversion of foreign currency statement

1. Foreign currency business

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

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

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

2. Translation of foreign currency financial statement

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

translation differences are recognized in other comprehensive income.

When disposing overseas operations, the foreign currency financial statement translation differences listed under items of other comprehensive income in balance sheet and which are directly related to the overseas operations are transferred to profit or loss in the period when the overseas operation is disposed. In the disposal of some equity investments or other causes reduced proportion held overseas business interests but not a loss of control over a foreign operation, and disposal of the foreign operation portion related to foreign currency translation differences attributable to minority interests, not the income statement. In the disposal of foreign operation as part of the equity joint venture or joint ventures, and foreign currency financial statements related to the foreign operation translation difference in proportion of the foreign operation is disposed of into the disposal income statement.

10. Financial instruments

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

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.

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.

1. 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.

1. 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.

1. 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.

1. 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.

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.

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.

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.

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.

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.

(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.

1. 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.

1. 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.

1. Inventory system

Inventory system is the perpetual inventory system.

1. 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. Classified as assets held for sale

14. Long-term equity investment

1. Recognition of investment cost

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

1. 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.

1. 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.

1. 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.

1. Cost method transfer to fair value measure

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

4. Disposal of long term equity investment

Difference between carrying value and actual acquisition price in respect of disposal of long term equity

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

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

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

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

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

(2) In consolidated financial statement, for those transactions occurred before lost of control in subsidiaries, the difference between disposal price and share of net assets of subsidiaries since purchase date or combination date shall be used to adjust capital reserve (equity premium), and if capital reserve is insufficient to offset, then it shall adjust retained earnings; when the Company lost control in a subsidiary, the remaining equity interests would be re-measured at the fair value as of the control-lost date. The sum of consideration gained from the disposal of equity and the fair value of remaining equity minus the share of net assets of original subsidiaries since the day of purchase and based on its original shareholding ratio is credited into investment gain for the current period, and off-set the goodwill at the same time. Other comprehensive income in relation to equity investments of original subsidiaries should be transferred to investment gain for the period at the time of loss of control.

Each transaction involved in the disposal of equity investments of subsidiaries until loss of control falls into a package deal, carrying accounting treatment on transaction of losing control rights and disposing the company,

and should be accounted for accordingly in differentiation with individual financial statements and consolidated financial statements:

(1) In consolidated financial statements, difference between each payment from disposal of an equity and the book value of such long-term equity investment before the loss of control should be recognized as other comprehensive income and at the time of loss of control, transferred to profit or loss for the current period.

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

5. Criteria for common control and significant influence

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

In case of a joint venture arrangement concluded through separate entity, when the Company is judged to be entitled to the net assets of the separate entity under relevant agreements, the entity shall be viewed as a joint venture under equity method. However, when the Company is judged to be not entitled to the net assets of the separate entity under relevant agreements, the entity shall be viewed as a joint operation, in which case, the Company recognizes items relating to its share of interests from the joint operation and accounts for according to relevant business accounting rules.

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

15. Investment real estate

Measurement

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.

16. Fixed asset

(1) Recognition of fixed assets

Fixed assets is defined as the tangible assets which are held for the purpose of producing goods, providing services, lease or for operation & management, and have more than one year of service life. Fixed assets should be recognized for qualified the followed conditions at the same time: (1) It is probable that the economic benefits associated with the assets will flow into the Company; (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 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: production buildings	Straight-line depreciation	40	5	2.38
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.

17. Construction in process

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

No

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.

18. Borrowing expenses

1. Recognition of the borrowing expenses capitalization

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

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

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

(1) Assets expense occurred, and paid as expenses in way of cash, non-cash assets transfer or debt with interest taken for purchasing, constructing or manufacturing assets that complying with capitalizing condition;

(2) Borrowing expenses have occurred;

(3) Necessary activities occurred for reaching predicted usable status or sale-able status for assets purchased, constructed or manufactured.

2. Period of capitalization

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

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

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

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

3. Period of suspended

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

4. Calculation for capitalization amount

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

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

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

19. 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;
1. Cost of such biological assets can be reliably measured.

Initial recognition of Biological assets

The biological assets will initially be measured by cost when obtained. The cost of a 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. A 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 the 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 a difference with the original estimated number. Biological assets of the Company refer to the tea plants. For those productive biological assets that reached their 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 net realizable value or 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.

20. Oil and gas assets

21. 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.

1. Subsequent measurement

Analysis and determined the service life for intangible assts while obtained. And classified into intangible assets with limited useful life and assets without certain service life.

1. Intangible assets with limited useful life

Those intangible assets with limited useful life are evenly amortized on straight basis from the date when they become useable to the end of expected useful life. Particular about the estimation on intangible assets with limited service life:

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

1. 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.

1. Standards for capitalization satisfaction of expenditure in exploitation state

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

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

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

22. Impairment of long term assets

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

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

If measurement of recoverable amount shows that the recoverable amount of long term asset is lower than carrying value, 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.

23. 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.

24. 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 and defined benefit plan.

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

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

(3) 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.

25. Accrual liability

1. Recognition standards for accrual liability

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

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

26. Share payment

27. Preferred stock, perpetual debt and other financial instruments

28. 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

1. 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.

29. 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

Government grants in relation to purchase of long-term assets such as fixed assets or intangible assets shall be recognized as deferred income, and are recorded in non-operating income according to service life of such constructed or purchased assets by installments.

(2) Determination basis and accounting for government grants related to income

Government grants in relation to revenues, shall be recognized as deferred income upon acquisition and recorded in current non-operating income during the periods in which relevant expenses are recognized when such grants are for the purposes of compensating relevant expenses or losses of an enterprise in future periods; and shall be directly credited to current non-operating income upon acquisition when such grants are for the purposes of compensating occurred relevant expenses or losses of an enterprise.

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

30. Deferred income tax assets and deferred income tax liabilities

Deferred income tax assets and liabilities are measured 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.

1. 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.

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

(1) An enterprise has the legal rights to settle the income tax assets and income tax liabilities for the current period by net amount;

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

31. 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.

32. Other important accounting policy and accounting estimation

33. Changes of important accounting policy and estimation

(1) Changes of major accounting policies

Applicable Not applicable

(2) Changes of important accounting estimate

Applicable Not applicable

34. Other

Statement of changes in the financial statements

Ministry of Finance issued the VAT Accounting Treatment (No. Cai Hui [2016] 22) on December 3, 2016.

VAT Accounting Treatment provides that the subject “business tax and additional” is adjusted to “taxes and additional” after the comprehensive trial of changing business tax to value-added tax, this subject checks the consumption tax, urban maintenance and construction tax, resources tax, education surcharge and property tax, land use tax, travel tax, stamp duty and other related taxes and fees generated from the business operation activities; “business tax and additional” item in the income statement is adjusted to "taxes and additional" item.

VAT Accounting Treatment also clearly requires that the debit balances at the end of the term of the classification items including “VAT payable”, “unpaid VAT”, “deductible input tax”, “input tax to be certified”, and “overpaid VAT” under the subject of “tax payable” should be listed on the “other current assets” or “other non-current assets” items in the balance sheet as the circumstances may require; the credit balances at the end of the term of the “tax payable - tax to be transferred” subject should be listed on the “other current liabilities” or “other non-current liabilities” items in the balance sheet as the circumstances may require.

The Company has adjusted the amount of the financial statements, such as assets, liabilities and profits and losses affected by the transactions from May 1, 2016 to the period of provision implementation due to the provisions according to the VAT Accounting Treatment, including the property tax, land use tax, travel tax and stamp tax occurred after May 1, 2016 are adjusted from “management fee” to “taxes and additional” of 2,467,835.20 yuan;

reclassify from “tax payable” to “other current assets” of 1,746,552.42 yuan; neither retrospect or adjust the transactions occurred from January 1, 2016 to April 30, 2016, nor retrospect or adjust the financial statements in the comparable period of the 2016 financial statements.

VI. Taxes

1. Type of tax and rate for main applicable tax

Taxes	Basis	Rate
VAT	Service income from goods sales and taxable sales, intangible assets or real estate	17%, 11%, 6%, 5%, 3%
Urban maintenance and construction tax	Taxable turnover before to replace the business tax with VAT	5%, 7%
Corporate income tax	Taxable income	15%, 25%
Educational surtax	Turnover tax payable	5%
Business tax	Taxable turnover	5%

Rate of income tax for different taxpaying body:

Taxpaying body	Rate of income tax
The Company	25%
Shenbao Huacheng	15%
Including: Shantou Branch of Shenbao Huacheng	25%
Wuyuan Jufangyong	15%
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 Trading Center	25%
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2. Tax preferential and basis

Preferential tax policies and basis

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

Wuyuan 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.

3. Other

VII. Annotation to main items of consolidated financial statements

1. Monetary fund

In RMB

Item	Closing balance	Opening balance
Cash on hand	207,519.80	184,337.59
Cash in bank	358,356,723.03	147,329,549.56
Other monetary fund		500,000.00
Total	358,564,242.83	148,013,887.15

Other note

Monetary fund with restriction concerned at end of the Period:

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

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

In RMB

Item	Closing balance	Opening balance
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Tradable financial assets	3,250,938.60	3,586,352.90
Equity investment	3,250,938.60	3,586,352.90
Total	3,250,938.60	3,586,352.90

Other explanation:

Closing balance refers to the 258,011 shares of A-stock under the name of “Shen Zhonghua-A”

3. Derivative financial assets

Applicable Not applicable

4. Note receivables

(1) Classification of notes receivable

In RMB

Item	Closing balance	Opening balance
Bank acceptance bill		38,922.90
Total		38,922.90

(2) Notes receivable already pledged by the Company at the end of the period

In RMB

Item	Amount pledge at period-end

(3) Notes endorsement or discount and undue on balance sheet date

In RMB

Item	Amount derecognition at period-end	Amount not derecognition at period-end

(4) Notes transfer to account receivable due for failure implementation by drawer at period-end

In RMB

Item	Account receivable transfer at period-end

Other note

No notes receivable already pledged by the Company at the end of the period

No notes endorsement or discount and undue on balance sheet date at the end of the period

No notes transfer to account receivable due for failure implementation by drawer at period-end

5. 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 credit risk characteristics	63,476,680.17	75.89%	893,812.54	1.41%	62,582,867.63	77,217,424.39	79.93%	1,269,408.27	1.64%	75,948,016.12
Account receivable with single minor amount but withdrawal bad debt provision for single item	20,164,693.05	24.11%	20,164,693.05	100.00%		19,391,001.77	20.07%	19,391,001.77	100.00%	
Total	83,641,373.22	100.00%	21,058,505.59	25.06%	62,582,867.63	96,608,426.16	100.00%	20,660,410.04	21.39%	75,948,016.12

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	54,356,541.34		
1-2 years	2,922,601.78	146,130.09	5.00%
2-3 years	3,638,962.27	363,896.23	10.00%
Over 3 years	2,678,694.78	401,804.22	15.00%
3-4years	252,980.76	37,947.11	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	63,596,800.17	911,830.54	1.43%

Explanation on combination determines:

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:

(2) Bad debt provision accrual collected or switch back

Bad debt provision accrual of RMB 481,905.06; collected or switch back bad debt provision of RMB 185,911.50.

Major bad debt provision collected or switch back:

In RMB

Name	Amount	Method
International Spice (China) Co., Ltd.	30,000.00	Cash
Shenzhen Dianfan Commerce & Trade Co., LTD. (Shenzhen Ziguang Commerce & Trade Co., LTD)	54,000.00	Cash
Shenzhen Kinsailong Equipment Company	30,000.00	Cash

Shenzhen Zhi Trading Development Co., Ltd.	49,411.50	Cash
Beijing Jiuquan Space Water Beverage Factory	15,000.00	Cash
Shanghai Hengjing Co., Ltd.	7,500.00	Cash
Total	185,911.50	--

(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:

(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	8,445,975.00	10.10	---
Customer 2	6,808,215.00	8.14	---
Customer 3	4,934,420.00	5.90	---
Customer 4	4,653,000.00	5.56	---
Customer 5	4,500,160.00	5.38	---
Total	29,341,770.00	35.08	---

(5) Account receivable derecognition due to financial assets transfer

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

Other note:

6. Account paid in advance

(1) Aging analysis

In RMB

Age	Closing balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within 1 year	5,357,620.52	84.75%	16,227,516.31	87.24%
1-2years	826,840.85	13.08%	1,844,886.90	9.92%

2-3years	31,530.94	0.50%	505,768.33	2.72%
Over 3 years	105,835.33	1.67%	23,428.80	0.12%
Total	6,321,827.64	--	18,601,600.34	--

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

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	1,749,823.04	27.68
Supplier 2	1,438,188.04	22.75
Supplier 3	388,224.62	6.14
Supplier 4	353,846.16	5.60
Supplier 5	300,000.00	4.75
Total	4,230,081.86	66.92

Other note:

7. Interest receivable

(1) Category

In RMB

Item	Closing balance	Opening balance
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(2) Major overdue interest

Loan unit	Closing balance	Overdue time	Overdue reason	Whether has the impairment and judgment basis
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Other note:

8. Dividend receivables

(1) Dividend receivables

In RMB

Item (or the invested entity)	Closing balance	Opening balance
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(2) Major dividend receivable over 1 year

In RMB

Item (or the invested entity)	Closing balance	Age	Reasons for not being recovered	Whether has the impairment and
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				judgment basis
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Other note:

9. 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	19,540,618.68	39.73%	8,634,484.39	44.19%	10,906,134.29	19,103,954.35	39.70%	8,197,820.06	42.91%	10,906,134.29
Other account receivable withdrawal bad debt provision by group of credit risk characteristics	12,066,358.31	24.53%	329,042.66	2.73%	11,737,315.65	11,443,076.49	23.78%	329,438.84	2.88%	11,113,637.65
Other account receivable with single minor amount but withdrawal bad debt provision for single item	17,577,795.82	35.74%	17,577,795.82	100.00%		17,577,795.82	36.52%	17,577,795.82	100.00%	
Total	49,184,772.81	100.00%	26,541,322.87	53.96%	22,643,449.94	48,124,826.66	100.00%	26,105,054.72	54.24%	22,019,771.94

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-commerce Co., Ltd. (Formerly known as "Changzhou Sanjing Oil Co., Ltd.")	19,540,618.68	8,634,484.39	44.19%	Estimated recoverable amount is lower than the book balance
Total	19,540,618.68	8,634,484.39	--	--

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	8,920,331.57	8,920,331.57	
1-2 years	1,284,359.70	64,217.99	5.00%

2-3 years	288,507.53	28,850.75	10.00%
Over 3 years	1,573,159.51	235,973.92	15.00%
3-4 years	748,187.20	112,228.08	0.15%
4-5 years	209,434.84	31,415.22	0.15%
5 years above	615,537.47	92,330.62	0.15%
Total	12,066,358.31	329,042.66	2.73%

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 switch back

Bad debt provision accrual was 436,268.15 Yuan; the amount collected or switches back amounting to 0 Yuan

Major bad debt provision collected or switch back:

In RMB

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

In RMB

Name	Amount
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Other major receivables actually written-off:

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:

(4) Nature classification for other receivables

In RMB

Item	Closing book balance	Opening book balance
Margin and deposit	3,683,788.00	3,435,894.26
VAT rebates receivables	454,807.35	27,140.22
Intercourse funds and other	45,046,177.46	44,661,792.18
Total	49,184,772.81	48,124,826.66

(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	Bad debt provision Closing balance
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				closing balance	
Changzhou Shenbao Chacang e-commerce Limited	Intercourse funds	19,540,618.68 *		39.73%	8,665,984.39
Shichu Mingmen	Intercourse funds	2,048,972.70	Within 1 year	4.17%	
Hangzhou Xiaoshan International Airport Co., Ltd.	Intercourse funds	1,089,486.60 *		2.22%	13,875.00
Hangzhou Railway Station Customer Service Company	Intercourse funds	630,000.00	Within 1 year	1.28%	
Shenzhen Investment Co., Ltd.	Intercourse funds	317,433.36	1-2 years	0.65%	15,871.67
Total	--	23,626,511.34	--	48.05%	8,695,731.06

(6) Account receivables related to government subsidies

In RMB

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

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

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

Other note:

10. Inventory

Whether the company need 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	65,391,782.65	3,869,665.51	61,522,117.14	58,516,983.93	3,893,177.28	54,623,806.65
Goods in process	28,856,613.35	328,209.99	28,528,403.36	27,601,507.25	81,052.46	27,520,454.79
Finished goods	40,266,937.30	1,774,575.14	38,492,362.16	79,669,708.08	810,517.22	78,859,190.86
Goods in transit	6,509,501.82		6,509,501.82	6,546,946.43		6,546,946.43
Materials processed on commission	5,341,566.56	5,290,502.32	51,064.24	5,349,996.81	5,290,502.32	59,494.49
Wrappage	6,497,436.43	649,825.76	5,847,610.67	8,212,480.31		8,212,480.31
Total	152,863,838.11	11,912,778.72	140,951,059.39	185,897,622.81	10,075,249.28	175,822,373.53

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	3,893,177.28	152,919.80		176,431.57		3,869,665.51
Goods in process	81,052.46	247,157.53				328,209.99
Finished goods	810,517.22	1,034,625.58		70,567.66		1,774,575.14
Work in process-outsourced	5,290,502.32					5,290,502.32
Wrappage		649,825.76				649,825.76
Total	10,075,249.28	2,084,528.67		246,999.23		11,912,778.72

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

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

In RMB

Item	Amount

Other note:

11. Divided into assets held for sale

In RMB

Item	Ending book value	Fair value	Estimated disposal cost	Estimated disposal time

Other note:

12. Non-current assets due within one year

In RMB

Item	Closing balance	Opening balance

Other note:

13. Other current assets

In RMB

Item	Closing balance	Opening balance
VAT input tax ready for deduction	11,299,954.58	2,012,976.56
Total	11,299,954.58	2,012,976.56

Other note

14. 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

(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	17,480,000.00			17,480,000.00

accrual at period-begin				
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
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Other note

15. Held-to-maturity investment

(1) Held-to-maturity investment

In RMB

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book Value	Book balance	Provision for impairment	Book Value

(2) Important held-to-maturity investment at period-end

In RMB

Bond project	Par value	Coupon rate	Real interest rate	Expiry date
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(3) Reclassify of held-to-maturity investment in the period

Other note

16. Long-term account receivables

(1) Long-term account receivables

In RMB

Item	Ending balance			Beginning balance			Discount rate interval
	Book balance	Bad debt reserve	Book Value	Book balance	Bad debt reserve	Book Value	

(2) Important held-to-maturity investment at period-end

(3) Reclassify of held-to-maturity investment in the period

Other note

17. 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											
Shenzhen Shenbao (Liaoyuan) Industrial Co., Ltd.*1	57,628.53									57,628.53	57,628.53
Shenzhen Shenbao Ma Nan Bio-technology Co., Ltd.	1,062,646.40			-5,076.17						1,057,570.23	
Yunnan Pu'er Tea Trading Center Co., Ltd.*3	3,701,976.81			499,151.01		-3,202,825.80					

Shenzhen Shichumingmen Restaurant Management Co., Ltd.	2,270,330.70			-2,270,330.70							
Guangzhou Shenbao Mendaotea Co., Ltd.		4,500,000.00		308,911.40						4,808,911.40	
Subtotal	9,962,582.44	4,500,000.00		-2,465,646.48						8,794,110.16	2,927,628.53
Total	9,962,582.44	4,500,000.00		-2,465,646.48						8,794,110.16	2,927,628.53

Other explanation

*1: these two companies have been established for a long time. At the current stage, their business licenses have been revoked. Impairment provision is made in full due to absence of settlement.

*2: the long term equity investment in Changzhou Shenbao Tea Storage E-commerce Company is measured at equity method. Due to that the company recorded serious losses, book balance for this long term equity investment is treated with nil.

*3: Yunnan Pu'er Tea Trading Center Co., Ltd. was jointly established by Shenzhen Qianhai Agricultural Products Exchange Co., Ltd., Yunnan Hengfeng Investment Co., Ltd. and Tianxia Pu'er Tea Co., Ltd., the Company with 40% stock held from January to April, calculated by equity method; holds 55% from May to December and calculated by cost.

18. 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	19,305,918.88			19,305,918.88
2. Current amount increased	528,724.63			528,724.63
(1) Purchase	528,724.63			528,724.63
(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	496,725.20			496,725.20
2. Current amount increased	465,052.95			465,052.95
(1) Accrual or amortization	465,052.95			465,052.95
3. Current amount decreased				
(1) Disposal				
(2) Other transfer-out				
4. Closing balance	961,778.15			961,778.15
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	18,872,865.36			18,872,865.36
2. Opening book value	18,809,193.68			18,809,193.68

(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

19. 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	278,320,081.26	223,496,629.95	7,305,114.52	13,701,871.16	522,823,696.89
2. Current amount increased	13,226,084.04	11,173,046.11	587,343.03	2,955,008.64	27,941,481.82
(1) Purchase	2,551,745.01	3,367,982.10	112,820.51	1,896,495.87	7,929,043.49
(2) Transfer-in from construction in process	3,174,339.03	7,805,064.01			10,979,403.04
(3) Increased by combination			474,522.52	1,058,512.77	1,533,035.29
Shareholders' investment	7,500,000.00				7,500,000.00
3. Current amount decreased	35,340,176.38	1,163,949.19	489,603.00	695,435.20	37,689,163.77
(1) Disposal or scrap	984,953.37	503,843.58	165,524.00	80,537.89	1,734,858.84
Disposal subsidiary decrease	34,355,223.01				34,355,223.01
Separation of subsidiaries		660,105.61	324,079.00	614,897.31	1,599,081.92
4. Closing balance	256,205,988.92	233,505,726.87	7,402,854.55	15,961,444.60	513,076,014.94
II. accumulated depreciation					
1. Opening balance	32,098,558.04	119,504,906.16	3,968,400.89	6,186,245.57	161,758,110.66
2. Current amount increased	8,613,887.71	13,954,931.18	683,701.58	1,834,948.08	25,087,468.55
(1) Accrual	8,613,887.71	13,954,931.18	654,564.37	1,768,403.10	24,991,786.36
Enterprise merger under the different control			29,137.21	66,544.98	95,682.19
3. Current amount decreased	11,543,849.93	319,838.92	279,597.85	284,286.98	12,427,573.68
(1) Disposal or scrap	1,672,963.85	143,326.03	139,913.92	53,639.25	2,009,843.05
Disposal subsidiary	9,870,886.08				9,870,886.08
Separation of subsidiaries		176,512.89	139,683.93	230,647.73	546,844.55
4. Closing balance	29,168,595.82	133,139,998.42	4,372,504.62	7,736,906.67	174,418,005.53

III. impairment provision					
1. Opening balance		2,647,112.69			2,647,112.69
2. Current amount increased	1,355,290.18	1,641,838.68			2,997,128.86
(1) Accrual	1,355,290.18	1,641,838.68			
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	224,040,264.24	97,718,615.76	3,030,349.93	8,224,537.93	333,013,767.86
2. Opening book value	246,221,523.22	101,344,611.10	3,336,713.63	7,515,625.59	358,418,473.54

(2) Temporarily idle fixed assets

In RMB

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

(3) Fixed assets acquired by financing lease

In RMB

Item	Original book value	Accumulated depreciation	Provision for impairment	Book value

(4) Fixed assets acquired by operating lease

In RMB

Item	Ending book value

(5) Certificate of title un-completed

In RMB

Item	Book value	Reasons
House and building	1,776,848.16	In progress

Other note

1) No fixed assets rent-in from financing

2) the fixed assets invested by shareholder refers to the physical assets 7.5 million Yuan invested by Tianxia Pu'er Tea Co., Ltd.-the shareholder of Yunnan Tea Trading Center. The property was transfer to Yunnan Tea Trading Center on 17 August 2016

20. 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	
Comprehensive investment project of tea industry chain(the new factory project)				6,750,385.61		6,750,385.61
Other	957,764.08	903,189.74	54,574.34	943,379.03	903,189.74	40,189.29
Total	4,800,097.72	4,745,523.38	54,574.34	11,536,098.28	4,745,523.38	6,790,574.90

(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
Integrate d investme nt in Tea chain project (new plant project)		6,750,385.61	3,907,574.25	9,774,296.81	883,663.05			100				Other
Tempora ry wall and construct ion road works			3,719,027.81		3,719,027.81			100				Other
Building of			1,205,106.23	1,205,106.23				100				Other

Yunnan Tea Trading Center												
Total		6,750,385.61	8,831,708.29	10,979,403.04	4,602,690.86		--	--				--

(3) The provision for impairment of construction projects

In RMB

Item	Provision amount	Reason
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Other note

21. Engineering materials

In RMB

Item	Closing balance	Opening balance
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Other note:

22. Liquidation of fixed assets

In RMB

Item	Closing balance	Opening balance
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Other note:

23. 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					
2. Current amount increased					
(1) Accrual	9,692.36				9,692.36
3. Current amount decreased					
(1) Disposal					
(2) Other					
4. Closing balance	9,692.36				9,692.36
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	426,463.64				426,463.64
2. Opening book value	436,156.00				436,156.00

(2) Productive biological assets measured by fair value

Applicable Not applicable

24. Oil and gas assets

Applicable Not applicable

25. 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	162,844,832.87	43,356,116.81	7,908,874.54	22,871,704.98	236,981,529.20
2. Current amount increased	9,704,520.00	2,904,702.08	681,774.29		13,290,996.37
Purchase	9,704,520.00	8,405.28	593,374.29		10,306,299.67
(2) internal R&D		2,896,296.80			2,896,296.80
(3) Increased by combination					
Other			88,400.00		88,400.00
3. Current amount decreased			4,900,000.00		4,900,000.00
(1) Disposal			4,900,000.00		4,900,000.00
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	21,766,135.30	18,057,291.32	1,761,203.51	2,339,528.80	43,924,158.93
2. Current amount increased	3,439,742.53	2,234,860.37	832,064.92	855,845.24	7,362,513.06
(1) Accrual	3,439,742.53	2,234,860.37	827,644.92	855,845.24	7,358,093.06
Other			4,420.00		4,420.00
3. Current amount decreased			1,592,500.00		1,592,500.00
(1) Disposal			1,592,500.00		1,592,500.00
4. Closing balance	25,205,877.83	20,292,151.69	1,000,768.43	3,195,374.04	49,694,171.99
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	147,343,475.04	25,968,667.20	2,689,880.40	19,676,330.94	195,678,353.58
2. Opening book value	141,078,697.57	25,298,825.49	5,312,769.19	21,367,078.02	193,057,370.27

Ratio of the intangible assets from internal R&D in balance of intangible assets at period-end was 13.27%.

(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	12,287,092.91	In procedure

Other note:

(1) the intangible assets resulted from internal R&D at period-end takes 1.18% fo the intangible assets in balance.

(2) no intangible assets mortgaged or guarantee at period-end

(3) intangible assets have no evidence of impairment, no impairment provision accrual in the Period

26. Development expense

In RMB

Item	Opening balance	Amount of current increase	Amount of current decrease	Closing balance

Other note

27. 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

(2) Goodwill depreciation reserves

In RMB

The invested entity or items	Opening balance	Increase during the year		Decreased during the year		Closing balance
Yunnan Tea Trading Center	0.00					0.00
Total	0.00					0.00

Explain process of impairment test, indest and determination:

Other note

Hangzhou Ju Fang Yong, a subsidiary of the Company, funded and purchased 15.00% stake of Yunnan Pu'er Tea Exchange held by Yunnan Heng Feng Xiang Investment Co., Ltd. in May 2016. After the completion of the purchase, the Company got command of Yunnan Pu'er Tea Exchange. The balance between the combined cost

and the fair value of net assets on the combining date formed goodwill of RMB 673,940.32.

The Company thought that Yunnan Pu'er Tea Exchange has been operating normally and the goodwill had no indication of impairment at the end of the term, so there was no provision for impairment

28. Long-term deferred expense

In RMB

Item	Opening balance	Current increased	Current amortization	Other decreased	Closing balance
Decoration charge for office rented-in	11,278,199.11	1,901,916.14	3,746,410.39	2,457,251.97	6,976,452.89
Affiliated project of resident area in Jufangyong Wuyuan	1,008,682.43		309,363.21		699,319.22
Reform of tea park in Wuyuan	114,968.82		92,302.17		22,666.65
Reform project of warehouse	3,082,061.73	595,008.44	1,657,720.96	339,316.11	1,680,033.10
Lease of workshop and office building	249,424.40	270,420.00	294,494.40		225,350.00
Other	260,017.98	3,913,119.40	432,930.03	31,839.62	3,708,367.73
Total	15,993,354.47	6,680,463.98	6,533,221.16	2,828,407.70	13,312,189.59

Other

29. 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 assets	21,138,673.64	4,973,248.37	18,989,234.01	4,436,279.25
Total	21,138,673.64	4,973,248.37	18,989,234.01	4,436,279.25

(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	4,445,245.52	1,111,311.38	4,747,915.76	1,186,978.94
Change of fair value for the financial assets available for sale	2,169,872.52	542,468.13	1,808,657.11	452,164.28
Total	6,615,118.04	1,653,779.51	6,556,572.87	1,639,143.22

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

In RMB

Item	Trade-off between the	Ending balance of	Trade-off between the	Opening balance of
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	deferred income tax assets and liabilities	deferred income tax assets or liabilities after off-set	deferred income tax assets and liabilities at period-begin	deferred income tax assets or liabilities after off-set
Deferred income tax assets		4,973,248.37		4,436,279.25
Deferred income tax liabilities		1,653,779.51		1,639,143.22

(4) Details of uncertain deferred income tax assets

In RMB

Item	Closing balance	Opening balance
Deductible temporary differences	44,636,827.09	65,651,744.63
Losses deductible	62,668,832.81	98,027,808.60
Total	107,305,659.90	163,679,553.23

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

In RMB

Year	Ending amount	Opening amount	Note

Other note:

30. Other non-current assets

In RMB

Item	Closing balance	Opening balance
Land purchase paid in advance		9,381,000.00
total		9,381,000.00

Other explanation:

31. Short-term loans

(1) Short-term loans

In RMB

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

Note:

(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

Other note:

32. Financial liabilities at fair value through gains and losses

In RMB

Type	Closing balance	Opening balance
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Other note:

33. Derivative financial liabilities

Applicable Not applicable

34. Notes payable

In RMB

Type	Closing balance	Opening balance
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Notes expired at year-end without paid was 0.00 Yuan.

35. Account payables

(1) Account payables

In RMB

Item	Closing balance	Opening balance
Within 1 year	11,401,741.46	16,248,897.59
1-2 years	619,763.06	1,493,317.01
2-3 years	81,285.32	291,331.73
Over 3 years	3,679,498.45	6,788,041.25
Total	15,782,288.29	24,821,587.58

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:

36. Account received in advance

(1) Account received in advance

In RMB

Item	Closing balance	Opening balance
Within 1 year	1,582,442.08	2,904,689.51
1-2 years	20,824.77	34,520.25
2-3 years	1,175.11	39,975.72
Over 3 years	775,382.17	735,406.45
Total	2,379,824.13	3,714,591.93

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

In RMB

Item	Closing balance	Reason
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(3) Project settled without completed in construction at period-end

In RMB

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

Other note:

37. Wages payable

(1) Wages payable

In RMB

Item	Opening balance	Current increased	Current decreased	Closing balance
I. Short-term compensation	12,110,495.06	76,376,913.69	72,474,106.52	16,013,302.23
II. After-service welfare-defined contribution plans	247,489.26	5,728,501.75	5,709,586.40	266,404.61
Total	12,357,984.32	82,105,415.44	78,183,692.92	16,279,706.84

(2) Short-term compensation

In RMB

Item	Opening balance	Current increased	Current decreased	Closing balance
1. Wage, bonus, allowance and subsidy	10,465,931.38	60,965,383.81	57,504,676.40	13,926,638.79
2. Employees' welfare		8,169,653.29	8,169,653.29	
3. Social insurance charges	53,781.52	1,880,914.46	1,896,778.02	37,917.96
Including: basic medical insurance premium	47,450.20	1,608,148.97	1,621,731.55	33,867.62
Industrial injury insurance premiums	1,655.19	120,313.78	121,221.42	747.55
Maternity insurance premiums	4,676.13	152,451.71	153,825.05	3,302.79
4. Housing public reserve		3,403,995.26	3,403,995.26	
5. Trade union fee and education fee	1,590,782.16	1,956,966.87	1,499,003.55	2,048,745.48
Total	12,110,495.06	76,376,913.69	72,474,106.52	16,013,302.23

(3) Defined contribution plans

In RMB

Item	Opening balance	Current increased	Current decreased	Closing balance
1. Basic endowment insurance premiums	239,024.92	5,561,627.97	5,538,012.21	262,640.68
2. Unemployment insurance premiums	8,464.34	166,873.78	171,574.19	3,763.93
Total	247,489.26	5,728,501.75	5,709,586.40	266,404.61

Other note:

38. Tax payable

In RMB

Item	Closing balance	Opening balance
VAT	875,568.98	743,463.75
Enterprise income tax	24,499,708.54	3,631,310.31
Personal income tax	148,805.39	512,502.60
Urban maintenance and construction tax	36,241.36	31,240.56
Business tax		73,967.84
House property tax	549,066.33	212,077.17
Levee charge	-3,474.84	51,301.40
Surtax for education expenses	26,677.72	28,755.75
Land value increment tax		15,721,488.76
Use tax of land	125,174.33	166,991.80
Other tax fee	170,365.28	135,273.68
Total	26,345,138.53	21,308,373.62

Other note:

39. Interest payable

In RMB

Item	Closing balance	Opening balance

Major interest overdue without paid:

In RMB

Loan unit	Overdue amount	Overdue unit

Other note:

40. 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:

41. Other account payables

(1) Listed by age

In RMB

Item	Closing balance	Opening balance
Deposit and margin	2,090,774.94	973,437.53
Engineering quality retention money and fund of tail	17,097.62	2,474,634.27
Intercourse funds and other	38,588,210.38	20,189,534.35

Fund lending	5,423,607.31	
Total	46,119,690.25	23,637,606.15

(2) Significant other payable with over one year age

In RMB

Item	Closing balance	Reasons of un-paid or carry-over
Shenzhen Nongmeidi Investment Management Co., Ltd.	5,423,607.31	Fund lending
Shenzhen Investment Management Company	3,510,297.20	Historical payment
Total	8,933,904.51	--

Other note

42. Divided into liability held for sale

In RMB

Item	Closing balance	Opening balance
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Other note:

43. Non-current liabilities due within one year

In RMB

Item	Closing balance	Opening balance
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Other note:

44. Other current liabilities

In RMB

Item	Closing balance	Opening balance
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Change of short-term payable bond:

In RMB

Bond name	Par value	Issue date	Bond period	Issue amount	Opening balance	Current issue	Accrual interest by face value	Amortization of discount	Current repayment	Closing balance
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Other note:

45. Long-term loans

(1) Classification of long-term loans

In RMB

Item	Closing balance	Opening balance
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Note

Other instructions, including interest rates range:

46. Bonds payable

(1) Bonds payable

In RMB

Item	Closing balance	Opening balance
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(2) Changes (excluding other financial instruments of preferred stock and perpetual capital securities classify to financial liability and

In RMB

(3) Explanation on conversion conditions and time for convertible bond

(4) Other financial instrument classify to financial liability

Other financial instruments of preferred stock and perpetual capital securities issued

Changes of financial instruments of preferred stock and perpetual capital securities issued

In RMB

Issued financial instrument	Opening		Increase in the period		Decrease in the period		Closing	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value

Basis of the financial liability classify from other financial instrument

Other note

47. Long-term account payable

(1) Listed by nature

In RMB

Item	Closing balance	Opening balance
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Other note:

48. Long-term employee payable

(1) Long-term employee payable

In RMB

Item	Closing balance	Opening balance
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(2) Changes of defined benefit plans

Present value of the defined benefit plans:

In RMB

Item	The Period	Last period
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Scheme assets:

In RMB

Item	The Period	Last period
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Net liability (assts) of the defined benefit plans

In RMB

Item	The Period	Last period
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Content of defined benefit plans and relevant risks, impact on future cash flow of the Company as well as times and uncertainty:

Major actuarial assumption and sensitivity analysis:

Other explanation:

49. Special payable

In RMB

Item	Opening balance	Increase during the year	Decreased during the year	Closing balance	Causes
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Other note:

50. Estimates liabilities

In RMB

Item	Ending balance	Beginning balance	Reason
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Other explanation, including important assumptions and estimation for the major accrual liability:

51. Deferred income

In RMB

Item	Opening balance	Increase during the year	Decreased during the year	Closing balance	Causes
Government grants	12,932,278.81	700,000.00	1,296,726.66	12,335,552.15	
Total	12,932,278.81	700,000.00	1,296,726.66	12,335,552.15	--

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	49,920.00			1,571.48	48,348.52	Assets-related

Tea Garden in Wangkou						
2) Construction amount for 50 tons for clearly processing for Mingyou tea	875,000.00		125,000.00		750,000.00	Assets-related
3) Industrialization project of instant tea power	2,673,474.29		196,445.88		2,477,028.41	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	1,925,000.00		275,000.00		1,650,000.00	Assets-related
6) Enterprise technology centers as a municipal R&D center. Subsidies for industrial technological advancement	2,599,374.61		204,024.50		2,395,350.11	Assets-related
7) Subsidies for key technology research and industrialization of instant tea powder	195,746.24		14,245.01		181,501.23	Assets-related
8) Subsidy of Guangdong-Agricultural public relation project	1,120.58				1,120.58	Assets-related
9) Special funds for Shenzhen strategic emerging industrial development (deep processing of natural plant project) (Shen Fa Gai No. 20131601)	4,592,520.04		351,209.03		4,241,311.01	Assets-related

(10) Project grants for years for agricultural district, Xihu Zone		700,000.00	129,230.76		570,769.24	Assets-related
Total	12,932,278.81	700,000.00	1,295,155.18	1,571.48	12,335,552.15	

Other note:

52. Other non-current liabilities

In RMB

Item	Closing balance	Opening balance
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Other note:

53. 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	301,080,184.00			150,540,092.00		150,540,092.00	451,620,276.00

Other note:

Explanation on changes of shares:

Decreased in the Period, mainly because in October 2016, independent director of the Company purchased 3,600 shares (A-stock) of the Company. According to relevant regulations on shares held by directors, supervisors and senior executives, the 3,600 shares are automatically lock-up for trading with 75%, that is 2,700 shares.

(1) Basic information of the outstanding preferred stock and perpetual capital securities at period-end

(2) Changes of outstanding preferred stock and perpetual capital securities at period-end

In RMB

Outstanding financial instrument	Opening		Increase in the period		Decrease in the period		Closing	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value

Changes of other equity instrument, change reasons and relevant accounting treatment basis:

Other note:

55. Capital reserves

In RMB

Item	Opening balance	Current increased	Current decreased	Closing balance
Capital premium (Share capital premium)	517,246,875.36		150,540,092.00	366,706,783.36
Other capital reserve	939,785.23	79.19	474,629.99	465,234.43

Total	518,186,660.59	79.19	151,014,721.99	367,172,017.79
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Other instructions, including changes in the current period, reasons for the change:

The resolution of the 4th meeting of the 9th Session of the board of directors of No. Shenbao Dong [2016] 1 on April 22, 2016, and the capital stock increased by transferring capital reserve was RMB 150,540,092.00.

An increase of RMB 79.19 in the current capital reserve was the gain on sale of odd lots generated at the time when the capital stock increased by transferring capital reserve; the decrease of RMB 474,629.99 in the current capital reserve was formed by the stock rights purchased from the minority shareholders of iTealife.

56. Treasury stock

In RMB

Item	Beginning balance	Increase in the period	Decrease in the period	Ending balance
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Other instructions, including changes in the current period, reasons for the change:

57. Other consolidated income

In RMB

Item	Opening balance	Amount of this period					Closing balance
		Account before income tax in the year	Less: written in other comprehensive income in previous period and carried forward to gains and losses in current period	Less : income tax expense	Belong to parent company after tax	Belong to minority shareholders after tax	

Other explanation, including the active part of the hedging gains/losses of cash flow transfer to initial reorganization adjustment for the arbitrated items:

58. Reasonable reserve

In RMB

Item	Opening balance	Increase during the period	Decrease during this period	Closing balance
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Other instructions, including changes in the current period, reasons for the change:

59. Surplus reserves

In RMB

Item	Opening balance	Current increased	Current decreased	Closing balance
Statutory surplus reserves	49,670,863.23	5,065,618.91		54,736,482.14
Total	49,670,863.23	5,065,618.91		54,736,482.14

Other explanation, including changes and reasons for changes:

Increased in the Period due to the statutory surplus reserves withdraw by 10% of the net profit of parent company

60. Retained profit

In RMB

Item	This period	Last period
Retained profit at the end of the previous year before adjustment	66,684,572.93	102,128,156.68
Total retained profit at the beginning of the previous year before adjustment	66,684,572.93	102,128,156.68
Add: net profit attributable to shareholder of parent company	96,620,658.92	-35,256,169.10
Less: Exact Statutory surplus reserves	5,065,618.91	187,414.65
Retained profit at the begin of the year after adjustment	158,239,612.94	66,684,572.93

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

61. Operating income and Operating cost

In RMB

Items	Current Period		Last Period	
	Income	Cost	Income	Cost
Main operating	267,147,438.97	204,145,713.24	335,695,334.26	247,443,735.69
Other operating	6,236,204.02	502,908.17	2,529,178.05	
Total	273,383,642.99	204,648,621.41	338,224,512.31	247,443,735.69

62. Tax and surcharges

In RMB

Item	Current Period	Last Period
City maintenance and construction tax	829,809.31	1,017,694.74
Educational fee and extra	105,527.85	752,875.65
Business tax	202,687.52	2,733,642.61
Land VAT		6,305,817.41
Total	1,138,024.68	10,810,030.41

Other note:

63. Sales expenses

In RMB

Item	Current Period	Last Period
Employee compensation and employee costs	17,099,490.56	16,569,036.44
Rental and utilities	6,931,097.53	6,654,415.59
Depreciation and amortization expenses	4,603,006.75	4,811,765.14
Goods transport miscellaneous expenses	7,101,137.97	4,665,505.56

Sales discounts, promotion fee and advertising expenses	3,307,664.72	6,432,317.18
Daily office expenses	3,300,290.98	4,362,823.91
Others	1,995,700.81	2,554,382.85
Total	44,338,389.32	46,050,246.67

Other note:

64. Management expenses

In RMB

Item	Current Period	Last Period
Employee compensation and employee costs	41,380,568.58	35,635,966.25
Rental and utilities	1,598,542.00	2,485,698.12
Depreciation and amortization expenses	16,635,053.33	15,709,602.70
Intermediary and disclosure expenses	8,090,745.89	9,992,514.88
Tax and fee	883,847.68	3,038,278.60
Daily office expenses	10,674,641.10	11,678,099.39
Planning and design fee	3,418,551.89	
Others	3,438,739.00	1,975,175.75
Total	86,120,689.47	80,515,335.69

Other note:

65. Financial expenses

In RMB

Category	Current Period	Last Period
Interest expense	1,801,676.18	92,388.89
Less: interest income	2,679,031.08	2,576,848.29
Exchange loss	-570,381.60	207,379.12
Others	265,500.45	325,459.68
Total	-1,182,236.05	-1,951,620.60

Other note:

66. Asset impairment loss

In RMB

Item	Current Period	Last Period
I. Bad debt losses	1,465,766.13	6,218,066.33
II. Inventory falling price loss	1,837,529.44	-282,699.69
VII. Impairment loss of fixed assets	2,997,128.86	
Total	6,300,424.43	5,935,366.64

Other note:

67. Gains /losses from change of fair value

In RMB

Source of gains from change of fair value	Current Period	Last Period
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Financial assets measured by fair value and with its variation reckoned into current gains/losses	-335,414.30	1,808,657.11
Total	-335,414.30	1,808,657.11

Other note:

68. Investment gains

In RMB

Item	Current Period	Last Period
Long-term equity investment gains recognized under equity method	-2,465,646.48	-1,557,732.43
Investment income from disposal of long-term equity investment	162,974,864.60	
Earnings from financing products	821,891.58	2,093,233.10
Total	161,912,281.40	535,500.67

Other note:

- On December 2, 2016, the Company and its subsidiaries, Hangzhou Ju Fang Yong Company and Huizhou Shenbao Technology Company (hereinafter referred to as "the Company") jointly transferred its 100% stake of the subsidiary Yi Da Xiang Company and the creditor's rights of RMB 26.5 million to Shenzhen He Lian Yi Investment Co., Ltd. (hereinafter referred to as "He Lian Yi Company") with RMB 202,107,400 (of which the stock right transfer price was RMB 175,607,400, and the compensatory debt amount was RMB 26.5 million) by auction transaction through the public listing for collecting stock rights transferee of Shenzhen United Property and Share Rights Exchange (hereinafter referred to as the "Shenzhen United Exchange"), and signed the Equity Transfer and Creditor Assignment Agreement. Appoint at the same time of listed transaction that 1. The transferee should transfer the transferor's subject creditor's rights of RMB 26.5 million and should pay off simultaneously with the transferred money of stock rights. 2. The house property of subject company has been leased to the Company's wholly-owned subsidiary Shenbao Huacheng, the tenancy is 1-2 years, the term of lease could prolong to October 31, 2018, and the rent is RMB 150,000 per month. During the lease term, the lessee could cancel the contract in advance if needs to remove for production, but the lessor cannot terminate the contract in advance.
- On December 13, 2016, the Company received the transferred money of RMB202,107,400 (including the guarantee deposit of RMB 40 million paid to Shenzhen United Exchange) from He Lian Yi Company at one time. On December 26, 2016, Yi Da Xiang Company completed the business information changes in stock rights. The Company confirmed the income from investment of the stock right transfer in this year was RMB 162,974,864.60.

69. 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		1,000.00	
Including: fixed assets disposal gains			
Government grants			
Satisfaction	4,229,841.97	6,439,620.12	4,229,841.97
Performance compensation			

Other			
Total	7,894,927.66	6,728,246.14	7,894,927.66

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						1,295,155.18	1,443,841.97	Assets related
Shenzhen Economic Trade and Information Technology Commission - loan interest	Shenzhen Economic and Trade and Information Technology Commission	Subsidy	Subsidy for industries the country encourage and support (according to national policy)	No	No		800,000.00	Income related
Agricultural development projects - solid milk product development and industrialization of grants (SJMNXZi [2014] No. 397)	Shenzhen Economic and Trade and Information Technology Commission	Subsidy	Subsidy for research and development, technological upgrading and transformation	No	No		1,400,000.00	Income related
Water conservation unit award	Shenzhen water conservation office	Award	Subsidy for industries the country encourage and support (according to national policy)	No	No		20,000.00	Income related
Longgang District, -	Shenzhen Municipal	Subsidy	Subsidy for industries the	No	No		100,000.00	Income related

Enterprise foster innovation grants	Science and Technology Innovation Council		country encourage and support (according to national policy)					
Market Supervisory Authority - 2015 2 nd batch of patent fees funded	Shenzhen Market Supervisory Authority	Subsidy	Subsidy for industries the country encourage and support (according to national policy)	No	No		4,000.00	Income related
Xinjiang excellence funded 866 projects (second year)	Wuyuan County Committee Organization Department of the Communist Party of China	Award	Subsidy for national commitment to safeguard certain public utilities or socially necessary product supply	No	No		100,000.00	Income related
Gan po 555 excellence projects funded (second year)	Wuyuan County Committee Organization Department of the Communist Party of China	Award	Subsidy for national commitment to safeguard certain public utilities or socially necessary product supply	No	No		300,000.00	Income related
Wuyuan County Finance Bureau key scientific and technological achievements - transfer money	Wuyuan County Finance Bureau	Subsidy	Subsidy for research and development, technological upgrading and transformation	No	No		60,000.00	Income related

Market Supervision Bureau - Patent funded subsidies	Shenzhen Market Supervisory Authority	Subsidy	Subsidy for industries the country encourage and support (according to national policy)	No	No	22,000.00	2,000.00	Income related
First batch of patent grants for year of 2016 from Economy, Trade and Information Commission of Shenzhen municipality	Shenzhen Market Supervisory Authority	Subsidy	Subsidy for industries the country encourage and support (according to national policy)	No	No	1,250,000.00		Income related
Financial assistance for development of service industry (E-Business)	Shenzhen Economic and Trade and Information Technology Commission	Subsidy	Subsidy for industries the country encourage and support (according to national policy)	No	No	470,000.00		Income related
"Provincial talent development special fund "Ganpo Talent 555 project" issued by Jiangxi Ministry of Finance Office for year of 2012	Organization departmetn of CPC Wuyuan Committee	Award	Subsidy for national commitment to safeguard certain public utilities or socially necessary product supply	No	No	400,000.00		Income related
Provincial enterprise technology center award	Organization departmetn of CPC Wuyuan Committee	Subsidy	Subsidy for national commitment to safeguard	No	No	100,000.00		Income related

fund from Shangrao for year of 2014			certain public utilities or socially necessary product supply					
“Provincial talent development special fund “Ganpo Talent 555 project” issued by Jiangxi Ministry of Finance Office for year of 2012”(3 rd year)	Organization department of CPC Wuyuan Committee	Subsidy	Subsidy for industries the country encourage and support (according to national policy)	No	No	100,000.00		Income related
Provincial industrial enterprise technological innovation bonus from Wuyuan Industry and Information Commission for year of 2015	Wuyuan County Finance Bureau of Jiangxi Province	Award	Subsidy for research and development, technological upgrading and transformation	No	No	100,000.00		Income related
Loan discount of agriculture industrialization for key leading enterprises	Shenzhen Municipal Finance Committee	Subsidy	Subsidy for national commitment to safeguard certain public utilities or socially necessary product supply	No	No	79,500.00		Income related

Tax incentive for tea industry of 2015	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” of 2015 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	50,000.00		Income related
Stabilization subsidy for year of 2015 from Social Security Bureau	Shenzhen Social Security Bureau	Subsidy	Subsidy for national commitment to safeguard certain public utilities or socially necessary product supply	No	No	45,565.19		Income related
Project subsidy for motor transformation	Finance Bureau of Huicheng District	Subsidy	Subsidy for national commitment to safeguard certain public utilities or socially necessary product supply	No	No	14,535.00		Income related
Unemployment benefits for year of	Shenzhen Science and Technology	Subsidy	Subsidy for national commitment	No	No	10,893.50		Income related

2016	Innovation Committee		to safeguard certain public utilities or socially necessary product supply					
Total	--	--	--	--	--	4,000,648.87	4,229,841.97	--

Other note:

1. The newly increased pay-off money in current period was the creditor's rights of general creditors of Shenzhen China Bicycle Company to be paid off by currency and stock ruled in accordance with (2012) SZZFPZ No.30-6 Civil Ruling Paper made by Shenzhen Intermediate People's Court on November 5, 2013. In May 2016, the Company received the second distribution from the custodian of Shenzhen China Bicycle Company to repay the creditor's rights of RMB 3,765,754.39.

2. According to the joint venture contract of Shenbao Yuxing signed on August 28, 2012, Fujian Province Wuyishan City Yuxing Tea Co., Ltd. ("Yuxing Tea Company" for short) promised the annual sales of joint venture company Shenbao Yuxing in 2013 to reach RMB 13.67 million, and net profit no less than RMB 1,367,000; annual sales reach RMB 17.09 million in 2014, and net profit no less than RMB 1,709,000; annual sales reach RMB 21.36 million in 2015, and net profit no less than RMB 2,136,000. For whatever reason, if the net profit of Shenbao Yuxing could not reach the amount promised by Yuxing Tea Company, Yuxing Tea Company should use cash to make up the difference of the above promised net profit. In 2016, Hangzhou Ju Fang Yong took the current assets of RMB 4,602,100 paid by Yuxing Tea Company as a performance compensation by consultation .

(XLI) Non-operating expenditure

In RMB

Item	Current Period	Last Period	Amount reckoned into current non-recurring gains/losses
Non-current assets disposal losses	27,136.96	37,081.52	27,136.96
Including: fixed assets disposal losses	27,136.96	37,081.52	27,136.96
Other	62,334.81	48,471.34	62,334.81
Trade compensation	355,810.32		355,810.32
Total	445,282.09	85,552.86	445,282.09

Other note:

71. Income tax expense

(1) Statement of income tax expenses

In RMB

Item	Current Period	Last Period
Current income tax expenses	24,840,894.00	3,639,662.36
Deferred income tax expenses	-780,341.88	-1,104,160.06

Total	24,060,552.12	2,535,502.30
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(2) Adjustment process of accounting profit and income tax expenses

In RMB

Item	Current Period
Total profit	113,624,906.50
Income tax expenses calculated by statutory tax rate	28,406,226.63
Impact from different tax rate apply with the subsidiary	869,055.30
Impact from previous income tax adjusted	152,057.00
Cost, expenses and loss which are not deductible	2,381,768.21
Losses deductible of the deferred income tax assets unrecognized before period of use	-14,043,478.69
Impact on deductible temporary differences or losses deductible which was un-recognized as deferred income tax assets	6,285,088.47
Income tax expense	24,060,552.12

Other note

72. Other comprehensive income

See Note

73. Annotation of cash flow statement

(1) Cash received with other operating activities concerned

In RMB

Item	This Period	Last Period
Interest income	2,664,041.63	2,576,848.29
Government grants	3,875,648.87	2,786,000.00
Intercourse funds and other	53,271,950.92	10,475,762.12
Total	59,811,641.42	15,838,610.41

Note of cash received with other operating activities concerned

(2) Cash paid with other operating activities concerned

In RMB

Item	This Period	Last Period
Expenses	51,023,202.55	51,218,781.80
Intercourse funds and other	59,168,964.79	18,642,044.27
Total	110,192,167.34	69,860,826.07

Note of cash paid with other operating activities concerned

(3) Cash received with other investment activities concerned

In RMB

Item	This Period	Last Period
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Note of cash received with other investment activities concerned

(4) Cash paid related with investment activities

In RMB

Item	This Period	Last Period
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Note of cash paid related with investment activities

(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	230.92
Guarantee bond	500,000.00	
Total	500,079.19	230.92

Note of cash received with other financing activities concerned

(6) Cash paid related with financing activities

In RMB

Item	This Period	Last Period
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Note of cash paid related with financing activities

74. 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	89,564,354.38	-42,960,551.91
Add: Impairment provision for assets	6,198,322.43	5,935,366.64
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	25,552,521.50	23,999,350.40
Amortization of intangible assets	7,358,093.06	7,108,702.82
Amortization of long-term deferred expenses	6,533,221.16	5,330,179.56
Loss from disposal of fixed assets, intangible assets and other long-term assets (income is listed with "-")	-7,470,328.76	37,081.52
Loss from change of fair value (income is listed with "-")	335,414.30	-1,808,657.11
Financial expenses (income is listed with "-")	1,801,676.18	299,768.01
Investment loss (income is listed with "-")	-161,912,281.40	-535,500.67
Decrease of deferred income tax assets (increase is listed with "-")	-797,957.71	-1,480,656.78
Increase of deferred income tax liability (decrease is listed with "-")	17,136.29	376,496.72
Decrease of inventory (increase is listed with "-")	33,033,784.70	-45,497,989.34
Decrease of operating receivable accounts (increase is listed with "-")	11,195,114.23	13,424,656.96
Increase of operating payable accounts (decrease is listed with "-")	46,494,079.25	-10,191,335.91

Net cash flow arising from operating activities	57,925,236.59	-45,963,089.09
2. Material investment and financing not involved in cash flow:	--	--
3. Net change of cash and cash equivalents	--	--
Balance of cash at period end	358,564,242.83	147,513,887.15
Less: Balance of cash at year-begin	147,513,887.15	266,847,778.44
Net increasing of cash and cash equivalents	211,050,355.68	-119,333,891.29

(2) Net cash paid for acquiring subsidiaries in the period

In RMB

	Amount
Cash or cash equivalent paid in the Period for enterprise combine	-1,154,212.72
Including:	--
Yunnan Pu'er Tea Trading Center Co., Ltd.	-1,154,212.72
Including:	--
Including:	--
Net cash paid for acquiring subsidiary in the Period	-1,154,212.72

Other note:

(3) Net cash received from subsidiary disposal

In RMB

	Amount
Cash or cash equivalent paid in the Period for enterprise combine	162,649,288.55
Including:	--
Yidaxiang	162,649,288.55
Including:	--
Including:	--
Net cash paid for acquiring subsidiary in the Period	162,649,288.55

Other note:

(4) Constitution of cash and cash equivalent

In RMB

Item	Closing balance	Opening balance
I. Cash	358,564,242.83	147,513,887.15
Including: Cash on hand		147,513,887.15
Bank deposit available for payment at any time		184,337.59
Other monetary funds available for payment		147,329,549.56

at any time		
III. Balance of cash and cash equivalent at year-end	358,564,242.83	147,513,887.15

Other note:

75. Notes on items of changes of owner’s equity

Explain the name and adjusted amount in “Other” at end of last period:

76. Assets with ownership or use right restricted

In RMB

In RMB	In RMB	In RMB
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Other note:

77. 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	745,770.32	6.9370	5,173,408.71
HKD	98,810.64	0.8945	88,386.12
Including: USD	172,405.20	6.9370	1,195,974.87

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

78. Hedging

Disclosed hedging items and relevant hedging instrument based on hedging’s category, disclosed qualitative and quantitative information for the arbitrage risks:

79. Other

VIII. Changes of consolidation range

1. Consolidation not under the same control

(1) Enterprise combine not under the same control in the Period

In RMB

Acquiree	Time-point	Cost for	Equity ratio	Way of	Purchasing	Determinatio	Acquiree’s	Acquiree’s
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	when equity acquired	equity acquired	acquired	acquired	date	n basis for the purchasing date	revenue from purchasing date to period-end	net profit from purchasing date to period-end
Yunnan Pu'er Tea Trading Center Co., Ltd.	2015-07-07	5,000,000.00	40.00%	Capital injection	2015-07-07		1,509.43	-5,276,360.55
Yunnan Pu'er Tea Trading Center Co., Ltd.	2016-05-13	1,875,000.00	15.00%	Acquisition	2016-05-13	Reached controlling	1,509.43	-783,425.06

Other note:

(2) Combination cost and goodwill

In RMB

Combination cost	
Less: net identifiable assets fair value acquired	-673,940.32
Amount the goodwill/combination cost lower than the net identifiable assets fair value acquired	673,940.32

The determination method, contingent consideration and its changes of the fair value of the combined costs:

Yunnan Pu'er Tea Exchange is a limited liability company jointly invested and established by the Company, Shenzhen Qianhai Agricultural Products Exchange Co., Ltd., Yunnan Heng Feng Xiang Investment Co., Ltd., and Pu'er City Tianxia Pu'er Tea Co., Ltd. founded on December 18, 2014, the unified social credit code is 91530800325227860T. The registered capital is 50 million yuan, of which Yunnan Heng Feng Xiang Investment Co., Ltd. subscribed and funded 7.5 million yuan, but actually paid 0 yuan, holding 15.00% stake of Yunnan Pu'er Tea Exchange; the Company subscribed and funded 20 million yuan, and actually paid 5 million yuan, holding 40.00% stake of Yunnan Pu'er Tea Exchange; Shenzhen Qianhai Agricultural Products Exchange Co., Ltd. subscribed and funded 15 million yuan, and actually paid 3.75 million yuan, holding 30.00% stake of Yunnan Pu'er Tea Exchange; Pu'er City Tianxia Pu'er Tea Co., Ltd. subscribed and funded 7.5 million yuan, but actually paid 0 yuan, holding 15.00% stake of Yunnan Pu'er Tea Exchange. It's located in North New District, Simao District, Pu'er City, Yunnan Province.

On January 4, 2016, Hangzhou Ju Fang Yong, a subsidiary of the Company, signed the equity transfer agreement with Yunnan Heng Feng Xiang Investment Co., Ltd.. The Company's subsidiary Hangzhou Ju Fang Yong purchased 15.00% stake of Yunnan Pu'er Tea Exchange held by Yunnan Heng Feng Xiang Investment Co., Ltd. at the price of RMB 0.

The main reasons for the formation of large goodwill:

Other note:

(3) Identifiable assets/liability of the acquiree on purchasing date

In RMB

	Fair value on purchasing date	Book value on purchasing date
Assets:	47,486,708.96	47,486,708.96
Monetary fund	34,559,497.16	34,559,497.16
Advance account	392,846.16	392,846.16
Other receivables	29,819.13	29,819.13
Other current assets	241,217.50	241,217.50
Fixed assets	12,185,242.34	12,185,242.34
Intangible assets	78,086.67	78,086.67
Liability:	524,687.71	524,687.71
Accounts payable	34,074.79	34,074.79
Employee compensation payable	475,913.73	475,913.73
Taxes payable	7,500.00	7,500.00
Other payables	7,199.19	7,199.19
Net assets	46,962,021.25	46,962,021.25
Net assets acquired	46,962,021.25	46,962,021.25

Determination method for fair value of the identifiable assets and liabilities:

Contingent liability of the acquiree bear during combination:

Other explanation:

(4) Gains or losses of the equity held before purchasing date re-measured by fair value

Whether realized combination step by step through multiple transaction and transactions with controlling rights obtained during the Period

Yes No

In RMB

Acquiree	Book value of the former equity held before purchasing date	Fair value of the former equity held before purchasing date	Gains or losses of the equity held before purchasing date re-measured by fair value	Determine basis and main hypothesis of the fair value for former equity held before purchasing date	Amount transfer in investment income from other comprehensive income related with former equity held before purchasing date
Yunnan Pu'er Tea Trading Center Co.,	3,202,825.80	3,202,825.80	-1,797,174.20	Fair value of the book assets have no	0.00

Ltd.				changes	
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Other note:

(5) For the condition of unable to determine the combination consideration reasonably on purchasing date or period-end of combination, or the acquiree's fair value of identifiable assets/liabilities, explain reasons

(6) Other explanation

2. Enterprise consolidation under the same control

(1)The merger of enterprises under the same control in the period

In RMB

Combined party	Interest percentage obtained in business merger	Basis of consider as the business merger under the same control	Combined date	Determine basis of combined date	Revenue of the combined party from combined year-begin to the date combined	Net profit of the combined party from combined year-begin to the date combined	Combined party's revenue during a comparison	Combined party's net profit during a comparison

Other note:

(2)Consolidation cost

In RMB

Consolidation cost	
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Explanation on contingent consideration and its changes:

Other note:

(3) Book value of the assets and liabilities from the combined party on combination date

In RMB

	Combined date
	At end of last year

Contingent liability of the combined party bear during combination:

Other note:

3. Counter purchase

Basic information of transactions, basis of transactions constituting counter purchase, whether assets and liabilities reserved by listed companies constituting business and their basis, confirmation of combined cost, the amount occurred when adjusting rights and interests in accordance with equity transaction and its calculation:

4. Subsidiary disposal

Whether losing controlling rights when dispose the subsidiary on one-time

√ Yes □ No

In RMB

Subsidiary	Price of the equity disposed	Ratio of the equity disposed	Way of the equity disposed	Time point of control right lose	Determination basis for the time point of control right lose	Difference between the disposal price and proportion of the subsidiary's net assets enjoy in aspect of the consolidated financial statement, which is respond to the disposal investment	Proportion of the residual equity on date when control rights lose	Book value of the residual equity on date when control rights lose	Fair value of the residual equity on date when control rights lose	Gains or losses of the residual equity measured by fair value	Determination method and main hypothesis for the residual equity's fair value on the date when control right lose	Other comprehensive income transferred into investment income, which related with the equity investment of original subsidiary
Shenzhen Shengyuan (Beijing) Food Co., Ltd.	3,825,000.00	51.00%	Sale	2016-03-31	Protocol agreement	0.00	0.00%	0.00	0.00	0.00	Not applicable	0.00
Shenzhen Yidaxiang Real Estate Co., Ltd.	202,000.00	100.00%	Sale	2016-12-13	Protocol agreement	0.00	0.00%	0.00	0.00	0.00	Not applicable	0.00
Fujian Wuyishan Shenbao Yuxing Tea Co., Ltd.				2016-09-30	Division							

Other note:

Whether dispose subsidiary step by step through multiple transaction and losing controlling rights during the

Period

Yes No

5. Changes of combination scope

Consolidation scope changes caused by other reasons (eg, newly establish subsidiaries, liquidate subsidiaries, etc.) and the related circumstances:

During the report period, there were three newly established subsidiaries, among which Yi Da Xiang Company was funded and established by the Company with registered capital of RMB 10 million. Operating projects included import and export business; own property leasing; project investment (excluding the restricted projects, specific projects to be declared separately). (except for the above projects decided to be forbidden by the laws, administrative regulations, and the State Council, the restricted projects can only be operated after being licensed); Huizhou Shenbao Food was funded and established by the Company with registered capital of 5 million yuan. Operating projects included industrial investment; domestic trade; food circulation (operate with permission); operate according to the business scope authorized by National Production License for Industrial Products. (In accordance with the law, the projects need to be approved can only carry out operating activities after being approved by relevant departments). After the reporting period, the newly established subsidiary Shenbao Rock Tea has the registered capital of RMB 20.70 million. Operating projects included wholesale and retail, prepackaged food and bulk food, tea sets; purchase: the tea needed by the sales of our enterprise (limited to the direct purchase towards the original producer of primary industry); services: investment and asset management of tea enterprises, technology development of tea and tea products, tea cultivation, technology development, technology consulting, technology services and results transferring of seedling cultivation, and all other legal projects no need for approval. (In accordance with the law, the projects need to be approved can only carry out operating activities after being approved by relevant departments).

Reduced three subsidiaries during the reporting period, of which Yi Da Xiang Properties transferred stock rights on December 2, 2016 and was no longer included in the consolidation scope; Shenbao Yuxing was separated on September 30, 2016 and was no longer included in the consolidation scope; Shenbao Shengyuan transferred stock rights on March 31, 2016 and was no longer included in the consolidation scope.

6. Other

IX. Equity in other entity

1. Equity in subsidiary

(1) Constituted 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	Shangrao	Shangrao	Manufacturing	100.00%		Establishment

Jufangyong						
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 & Developmen	Huizhou	Shenzhen	Commerce & trade wholesale	100.00%		Establishment
Hangzhou Jufangyong	Hangzhou	Hangzhou	Comprehensive	100.00%		Establishment
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 Trading Center	Pu'er City	Pu'er City	Service	55.00%		Establishment

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

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:

Major structured entity included in consolidate statement:

Basis of termination of agent or consigner:

Other note:

On December 1, 2015, Zhang Guanfu transferred the 8% stock rights of Fu Hai Tang Tea to Hangzhou Ju Fang Yong at the price of

RMB 400,000. The base date of the transferee assets such as assets and financial data of Fu Hai Tang Tea was December 31, 2015, which was based on the financial statement data of Fu Hai Tang Tea on December 31, 2015. Hangzhou Ju Fang Yong respectively paid the purchase money of 100,000 yuan, 48,200 yuan, 251,800 yuan to Zhang Guanfu on April 20, 2016, May 12, 2016, August 1, 2016. On May 6, 2016, the change of stock rights of Fu Hai Tang Tea was completed.

(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%	-4,580,202.29		-3,034,748.90

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

Other note:

(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	799.14	388.90	1,188.04	2,055.11		2,055.11	895.04	687.43	1,582.47	1,140.91		1,140.91

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	637.18	-1,308.63	-1,308.63	-637.75	324.75	-1,050.07	-1,050.07	-354.22

Other note:

(4) Significant restrictions on the use of enterprise group assets and pay off debts of the enterprise group

(5) Financial or other supporting offers to the structured entity included in consolidated financial statement range

Other note:

2. Transaction that has owners equity shares changed in subsidiary but still with controlling rights

(1) Explanation on equity ratio changed in subsidiary

Hangzhou Ju Fang Yong acquired 8% equity from Zhang Guangfu, minority shareholder of Fuhaitang, equity ratio turns to 100% from 92%

(2) Impact on minority’s equity and owners equity attributable to parent company

In RMB

Purchase cost / disposal consideration	100,000,000.00
--Cash	100,000,000.00
-- Fair value of non-cash assets	100,000,000.00
Total cost of purchase/disposal consideration	100,000,000.00
Less: net assets of subsidiary measured by equity shares obtained by disposed	100,000,000.00
Differences	100,000,000.00
Including: capital public reserve adjusted	100,000,000.00
Adjusted surplus reserve	100,000,000.00
Adjusted undistributed profit	100,000,000.00

Other note

3. Equity in joint venture and cooperative enterprise

(1) Important joint venture and cooperative enterprise

Name	Main operation place	Registered place	Business nature	Share-holding ratio		Accounting treatment on investment for joint venture and cooperative enterprise
				Directly	Indirectly	
Changzhou Shenbao Chacang E-commerce Co., Ltd.	Changzhou City	Changzhou City	Manufacturing industry	33.00%		Equity method
Shenzhen Shenbao Ma Nan Bio-technology Co., Ltd.	Huizhou City	Huizhou City	Manufacturing industry		51.00%	Equity method
Shenzhen Shichumingmen Restaurant Management Co.,	Shenzhen City	Shenzhen City	Catering		51.00%	Equity method

Ltd.						
------	--	--	--	--	--	--

Holding shares ratio different from the voting right ratio:

Has major influence with less 20% voting rights hold, or has minor influence with over 20% (20% included) voting rights hold:

(2) Main financial information of the important joint venture

In RMB

	Closing balance /Amount of this period	Opening balance /Amount of last period
Book value of equity investment in joint ventures	1,057,570.23	7,034,953.91
Net profit	-2,538,088.02	-1,557,732.43
Total comprehensive income	-2,538,088.02	-1,557,732.43

Other note

(3) Main financial information of the important cooperative enterprise

In RMB

	Closing balance /Amount of this period	Opening balance /Amount of last period

Other note

(4) 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 numbers measured by share-holding ratio	--	--

Other note

(5) Major limitation on capital transfer ability to the Company from joint venture or affiliates

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	7,033,470.42	677,398.70	7,710,869.12

Other note

(7) Unconfirmed commitment with joint venture investment concerned

(8) Intangible liability with joint venture or affiliates investment concerned

4. Major conduct joint operation

Name	Main operating place	Registered place	Business nature	Share-holding ratio/ share enjoyed	
				Directly	Indirectly

Share-holding ratio or shares enjoyed different from voting right ratio:

If the co-runs entity is the separate entity, basis of the co-runs classification:

Other explanation

5. Structured body excluding in consolidate financial statement

Note:

6. Other

X. 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 31st December 2016, the top five client's account receivable takes 35.08% in total account receivable of the Company (2015: 25.89%)

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.

1. 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.

1. Market risk

2. 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.

1. 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, and brings in negative effect on our financial results. The management would make prompt adjustment according to the latest market conditions.

1. Price risk

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

XI. Disclosure of fair value

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	3,250,938.60			3,250,938.60
Total assets sustaining measured by fair value	3,250,938.60			3,250,938.60
II. Non-persistent measure	--	--	--	--

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

3. Valuation technique and qualitative and quantitative information on major parameters for the fair value measure sustaining and non-persistent on second-order

4. Valuation technique and qualitative and quantitative information on major parameters for the fair value measure sustaining and non-persistent on third-order

5. Adjustment information and sensitivity analysis of unobservable parameters for the fair value measure sustaining and non-persistent on third-order

6. Sustaining items measured by fair value, as for the conversion between at all levels, reasons for conversion and policy for conversion time point

7. Changes of valuation technique in the Period

8. Financial assets and liability not measured by fair value

9. Other

XII. 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:

2. Subsidiary

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

3. Cooperative enterprise and joint venture

Joint Venture of the Company found more in Note IX-(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
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Other note:

4. Other related party

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

Other note

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
Beijing Yuding Shengyuan Trading Company	Purchase of tea products			N	3,912,056.82

Goods sold/labor service providing

In RMB

Related party	Content	Current Period	Last Period
Shenzhen Agricultural Products Co., Ltd.	Sales of tea		276,893.16
Shenzhen Shichumingmen Restaurant Management Co., Ltd.	Activity service	842,650.00	347,876.17
Shenzhen Shichumingmen Restaurant Management Co., Ltd.	Sales of tea products	30,304.24	
Yunnan Pu'er Tea Trading Center Co., Ltd.	Sales of tea		27,664.96
Shenzhen Nongmei Investment Management Co., Ltd.	Sales of tea products		14,425.64

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

(2) Related trusteeship management/contract & entrust management/ outsourcing

Trusteeship/contract:

In RMB

Client/ contract-out party	Entrusting party/ contractor	Assets type	Starting date	Maturity date	Yield pricing basis	Income from trusteeship/contract
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Explanation on related trusteeship/contract

Delegated administration/outsourcing:

In RMB

Client/ contract-out party	Entrusting party/ contractor	Assets type	Starting date	Maturity date	Pricing basis of trustee fee/outsourcing fee	trustee fee/outsourcing fee recognized in the Period
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Explanation on related administration/outsourcing

(3) 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
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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

(4) Related guarantee

As guarantor

In RMB

Secured party	Guarantee amount	Guarantee start date	Guarantee expiry date	Whether the guarantee has been fulfilled
Shenbao Huacheng	35,000,000.00	2016-10-24	2017-10-23	No

As secured party

In RMB

Guarantor	Guarantee amount	Guarantee start date	Guarantee expiry date	Whether the guarantee has been fulfilled
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Related guarantee note

(5) Related party's borrowed funds

In RMB

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

(6) Related party's assets transfer and debt reorganization

In RMB

Related party	Contents of related party transactions	Amount as the period	Amount as last period

(7) Remuneration of key manager

In RMB

Item	Amount of this period	Amount of last period

(8) Other related transactions

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 Agricultural Products Co., Ltd.			14,550.00	
Account receivable	Shenzhen Shichumingmen Restaurant Management Co., Ltd.	21,778.00		143,325.00	
Other account receivable	Changzhou Shenbao Chacang E-commerce Co., Ltd	19,540,618.68		19,103,954.35	
Other account receivable	Wuyi Yuxing Tea Industry Co., Ltd			500,000.00	

Other account receivable	Shenzhen Shenbao Manan Biotechnology Co., Ltd			1,304,148.50	
Other account receivable	Shenzhen Shichumingmen Restaurant Management Co., Ltd.	2,048,972.70			
Other account receivable	Shenzhen Investment Holding Co., Ltd	317,433.36			
Other account receivable	Shenzhen Agricultural Products Co., Ltd.	1,060.00			

(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
Other payable	Shenzhen Nongdimei Investment Management Company	5,423,607.31	3,500,000.00
Other payable	Wuyi Yuxing Tea Industry Co., Ltd		500,000.00
Other payable	Beijing Yuding Shengyuan Trading Co., Ltd		245,598.44
Account payable	Beijing Yuding Shengyuan Trading Co., Ltd		931,064.26

7. Commitments of related party

8. Other

XIII. Share-based payment

1. General condition

Applicable Not applicable

2. Share-based payment settled by equity

Applicable Not applicable

3. Share-based payment settled by cash

Applicable Not applicable

4. Modification and termination of share-base payment

5. Other

XIV. Commitment or contingency

1. Important commitments

Important commitments in balance sheet date

2. Contingency

(1) Contingency on balance sheet date

(2) For the important contingency not necessary to disclosed by the Company, explained reasons

The Company has no important contingency that need to disclosed

3. Other

XV. Events after balance sheet date

1. Important non adjustment matters

In RMB

Item	Content	Impact on financial status and operation results	Reasons for unable to estimated

2. Profit distribution

In RMB

3. Sales return

4. Other events after balance sheet date

XVI. Other important events

1. Previous accounting errors collection

(1) Retrospective

In RMB

Account error correction	Processing program	Statement of comparison period affected	Cumulative effects
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(2) Prospective application

Account error correction	Approval procedure	Reasons
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2. Debt restructuring

3. Assets replacement

(1) Non-monetary assets replacement

(2) Others assets replacement

4. Pension plan

5. Termination of operation

In RMB

Item	Income	Expense	Total profit	Income tax expense	Net profit	Termination of operating profit attributable to owners of parent company
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Other note

6. Segment

(1) Recognition basis and accounting policy for reportable segment

(2) Financial information for reportable segment

In RMB

Item		Offset of segment	Total
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(3) As for the total assets and liabilities of the reportable segment that can not be disclosed, explain the reasons

(4) Other note

7. Major transaction and events makes influence on investor's decision

8. Other

XVII. 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	40,123,423.12	99.93%			40,123,423.12	32,750,969.68	99.91%	386.50	0.00%	32,750,583.18
Account receivable with single minor amount but withdrawal bad debt provision for single item	28,453.08	0.07%	28,453.08	100.00%		28,453.08	0.09%	28,453.08	100.00%	
Total	40,151,876.20	100.00%	28,453.08	0.07%	40,123,423.12	32,779,422.76	100.00%	28,839.58	0.09%	32,750,583.18

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	40,123,423.12		40,123,423.12%
Total	40,123,423.12		40,123,423.12%

Explanations on combination determine:

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:

2. Bad debt provision accrual, collected or reversed

Bad debt provision accrual of RMB 0; collected or switch back bad debt provision of RMB 386.50.

Major bad debt provision collected or switch back:

In RMB

Name	Amount	Method
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(3) Receivables actually written-off during the reporting 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:

(4) Top five receivables at Period-end

Name	Closing balance	Proportion in total receivables at closing balance (%)	Bad debt provision accrual
Customer 1	7,028,255.00	21.44	---
Customer 2	4,866,940.00	14.85	---
Customer 3	4,617,600.00	14.09	---
Customer 4	3,268,280.00	9.97	---
Customer 5	2,846,417.30	8.68	---
Total	22,627,492.30	69.03	---

(5) Account receivable derecognition due to financial assets transfer

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

Other note:

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 and withdrawal bad debt provision for single item	18,910,618.68	8.33%	8,571,484.39	45.33%	10,339,134.29	18,473,954.35	7.81%	8,134,820.06	44.03%	10,339,134.29
Other account receivable withdrawal bad debt provision by group of credit risk characteristics	202,534,906.30	89.26%	52,150.03	0.03%	202,482,756.27	212,514,350.70	89.87%	46,072.65	0.02%	212,468,278.05
Other account receivable with single minor amount but withdrawal bad debt provision for single item	5,472,398.91	2.41%	5,472,398.91	100.00%		5,472,398.91	2.32%	5,472,398.91	100.00%	
Total	226,917,923.89	100.00%	14,096,033.33	6.21%	212,821,890.56	236,460,703.96	100.00%	13,653,291.62	5.77%	222,807,412.34

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	18,910,618.68	8,571,484.39	45.33%	estimated due received maybe lower than book balance
Total	18,910,618.68	8,571,484.39	--	--

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	202,099,590.20		
1—2 years	35,600.00	1,780.00	5.00%
2—3years	191,747.69	19,174.77	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	202,534,906.30	52,150.03	0.03%

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 0 Yuan; collected or reversed 0 Yuan.

Major bad debt provision collected or switch back:

In RMB

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

In RMB

Name	Amount
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Other major receivables actually written-off:

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:

(4) Other receivables by nature

In RMB

Nature	Ending book balance	Opening book balance
Deposit	280,986.43	280,986.43
Intercourse accounts and other	226,636,937.46	236,179,717.53
Total	226,917,923.89	236,460,703.96

(5) 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	56.78%	
Shenbao Sanjing	Intercourse funds	57,800,000.00	Within 1 year	25.47%	
Changzhou Shenbao Chacang E-commence Co., Ltd	Intercourse funds	18,910,618.68 *		8.33%	8,583,402.53
Hangzhou Jufangyong Holdings Co., Ltd.	Intercourse funds	10,875,000.00	Within 1 year	4.79%	

Shenzhen Shenbao Technology Centre Co. Ltd.	Intercourse funds	3,500,000.00	Within 1 year	1.54%	
Total	--	219,921,355.06	--	96.91%	8,583,402.53

(6) Account receivable with government grand involved

In RMB

Unit name	Government assistance project name	Closing balance	Closing age	Estimated time, amount and basis
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(7) Other account receivable derecognition due to financial assets transfer

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

Other note:

3. Long-term equity investment

In RMB

Items	Closing balance			Opening balance		
	Book balance	Impairment	Book value	Book balance	Impairment	Book value
Investment for subsidiary	911,813,300.84		911,813,300.84	889,110,475.04		889,110,475.04
Investment for associates and joint venture	7,736,539.93	2,927,628.53	4,808,911.40	6,629,605.34	2,927,628.53	3,701,976.81
Total	919,549,840.77	2,927,628.53	916,622,212.24	895,740,080.38	2,927,628.53	892,812,451.85

(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 & Developmen	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	10,000,000.00	4,500,000.00		14,500,000.00		
Yunnan Tea Trading Center		18,202,825.80		18,202,825.80		
Yidaxiang Real Estate		4,500,000.00	4,500,000.00			
Total	889,110,475.04	27,202,825.80	4,500,000.00	911,813,300.84		

(2) Investment for associates and joint venture

In RMB

Company	Opening balance	Increase & decrease in this period								Ending balance	Ending balance of impairment provision
		Additional investment	Capital reduction	Investment gains recognized under equity	Other comprehensive income adjustment	Other equity change	Cash dividend or profit announced to issued	Impairment accrual	Other		
I. Joint venture											
II. Associated enterprise											
Yunnan Pu'er Trading Center Limited	3,701,976.81			-499,151.01						-3,202,825.80	
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
Changzhou Shenbao											

Chacang E-commerce Co., Ltd											
Guangzhou Shenbao Mendao Tea Co., Ltd.		4,500,000.00		308,911.40						4,808,911.40	
Subtotal	6,629,605.34	4,500,000.00		-190,239.61					-3,202,825.80	7,736,539.93	2,927,628.53
Total	6,629,605.34	4,500,000.00		-190,239.61					-3,202,825.80	7,736,539.93	2,927,628.53

(3)Other note

4. Operating income and operating cost

In RMB

Items	Current Period		Last Period	
	Income	Cost	Income	Cost
main business income	121,491,718.82	115,553,924.00	158,265,129.46	114,794,632.02
Other business income	4,966,044.65		4,560,000.00	
Total	126,457,763.47	115,553,924.00	162,825,129.46	114,794,632.02

Other note:

5. Investment earnings

In RMB

Item	Current Period	Last Period
Investment income of long-term equity based on equity	-190,239.61	-1,298,023.19
Investment income from disposal of long-term equity	73,236,325.36	
Financial products revenue	821,891.58	2,087,479.70
Total	73,867,977.33	789,456.51

6. Other

XVIII. Supplementary information

1. Current non-recurring gains/losses

√ Applicable □ Not applicable

In RMB

Item	Amount	Statement
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Gains/losses from the disposal of non-current asset	171,026,365.06	
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)	4,000,648.87	
Profit and loss of assets delegation on others' investment or management	821,891.58	
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	-335,414.30	
Other non-operating income and expenditure except for the aforementioned items	8,557,332.04	
Less: Impact on income tax	28,322,054.85	
Affect on minority equity(after taxation)	-325,405.93	
Total	156,074,174.33	--

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. REO 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	9.82%	0.2139	0.2139
Net profits belong to common stock stockholders of the Company after deducting nonrecurring gains and losses	-6.04%	-0.1316	-0.1316

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	96,620,658.92	-35,256,169.10	1,031,768,388.87	935,622,280.75

Standards				
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	96,642,745.90	-35,256,169.10	1,032,857,475.85	936,689,280.75

(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

(3) Explanation on data differences under the accounting standards in and out of China; as for the differences adjustment audited by foreign auditing institute, listed name of the institute

4. Other

Section XII. 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 audit report with seal of accounting firms and signature and seals of CPA;
3. Original and official copies of all documents which have been disclosed on *Securities Times*, *China Securities Journal*, and *Hong Kong Commercial Daily* in the report period;
4. Original copies of 2016 Annual Report with signature of the Chairman.

Shenzhen Shenbao Industrial Co., Ltd.

Chairman of Board: Zheng Yuxi

21 April 2017