

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



April 2016

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 Mr. Zheng Yuxi, General Manager Mr. Yan Zesong, Chief Financial Officer Ms. Wang Zhiping and Financial Management Department Manager Mr. Xu Qiming hereby confirm that the Financial Report of Annual Report 2015 is authentic, accurate and complete.

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

Concerning the forward-looking statements with future planning involved in the annual report, they do not constitute a substantial commitment for investors, Securities Times, China Securities Journal, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn) are the media appointed by the Company for information disclosure, all information of the Company disclosed in the above mentioned media should prevail. Investors are advised to exercise caution of investment risks.

The Company has analyzed the risk factors that the company may exist and its countermeasures in the report, investors are advised to pay attention to read “Prospect for future development of the Company” in the report of Section IV-Report of Management Analysis.

The profit distribution plan that deliberated and approved by the Board is: based on total stock issue of 301,080,184 up to 31 Dec. 2015, carried out 5 shares drawing from capital reserves for every 10-share hold by all shareholders, 0 cash dividend and 0 bonus share issued.

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

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未定义书签。	
Section VIII Corporate Governance	错误!未定义书签。
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Section X Documents available for reference	错误!未定义书签。

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.
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 (LLP)
Article of Association	Refers to	Article of Association of Shenzhen Shenbao Industrial Co., Ltd
RMB/10 thousand Yuan	Refers to	CNY/ten thousand Yuan

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(if applicable)	深宝		
English name of the Company(if applicable)	SHENZHEN SHENBAO INDUSTRIAL CO.,LTD.		
Abbr. of English name of the Company(if applicable)	SBSY		
Legal Representative	Zheng Yuxi		
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	518040		
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	lyy@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

Unified social credit code	91440300192180754J
Changes of main business since	No changes

listing (if applicable)	
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 (LLP)
Offices add. for CPA	11/F, Block B, Union Square, No. 5022, Binhe Blv, Futian District, Shenzhen
Signing Accountants	Chen Baohua, Gong Chenyan

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

	2015	2014	Changes over last year	2013
Operating revenue (RMB)	338, 224, 512. 31	368, 121, 399. 84	-8. 12%	438, 318, 662. 25
Net profit attributable to shareholders of the listed company(RMB)	-35, 256, 169. 10	13, 323, 820. 43	-364. 61%	43, 662, 208. 27
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	-44, 785, 428. 54	4, 369, 025. 76	-1, 125. 07%	-32, 398, 173. 16
Net cash flow arising from operating activities(RMB)	-45, 963, 089. 09	25, 443, 112. 45	-280. 65%	-26, 029, 349. 63
Basic earnings per share (RMB/Share)	-0. 1171	0. 0443	-364. 33%	0. 145
Diluted earnings per share (RMB/Share)	-0. 1171	0. 0443	-364. 33%	0. 145
Weighted average ROE	-3. 70%	1. 38%	-5. 08%	4. 52%
	2015	2014	Changes over last year	2013
Total assets (RMB)	1, 060, 458, 757. 46	1, 154, 612, 267. 59	-8. 15%	1, 126, 831, 157. 86

Net assets attributable to shareholder of listed company(RMB)	935,622,280.75	970,878,218.93	-3.63%	960,517,069.55
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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	
	Amount in this period	Amount in last period	Amount at period-end	Amount at period-begin
Chinese GAAP	-35,256,169.10	13,323,820.43	935,622,280.75	970,878,218.93
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	-35,256,169.10	13,323,820.43	936,689,280.75	971,945,218.93

VIII. Quarterly main financial index

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating income	59,619,056.32	103,737,086.95	86,178,578.37	88,689,790.67
Net profit attributable to shareholders of the listed company	-9,528,087.26	14,845,621.21	-13,547,757.89	-27,025,945.16
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	-12,146,670.08	9,642,170.93	-12,084,883.10	-30,196,046.29
Net cash flow arising from operating activities	24,231,791.99	-2,318,175.81	-41,345,171.84	-26,531,533.43

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	2015	2014	2013	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-37,081.52	2,761,632.33	68,194,019.57	

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)	4,229,841.97	6,439,620.12	8,578,084.78	
Profit and loss of assets delegation on others' investment or management	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	1,808,657.11	642,447.39	73,048.00	
Other non-operating income and expenditure except for the aforementioned items	3,616,614.35	287,626.02	11,482,996.33	
Less: impact on income tax	2,179,393.09	1,141,648.12	12,268,048.40	
Impact on minority shareholders' equity (post-tax)	2,612.48	34,883.07	-281.15	
Total	9,529,259.44	8,954,794.67	76,060,381.43	--

Section III Summary of Company Business

I. Main businesses of the company in the reporting period

The company focuses on tea industry, 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 Shenbao Huacheng 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; "Xing Jiu", "Jufangyong", "Gutan", "Fuhai Tong" ect series; "Mitsui" oyster sauce, chicken, seafood sauce and other condiments; "Shenbao" chrysanthemum tea, lemon tea, herbal tea and other drinks.

II. Major changes in main assets

1. Major changes in main assets

Major assets	Note of major changes
Equity assets	No major Change
Fixed assets	No major Change
Intangible assets	No major Change
Construction in progress	No major Change

2. Main overseas assets

Applicable Not applicable

III. Core Competitiveness Analysis

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 by the Management Team

1. Introduction

During the reporting period, facing market environment changes, the Company carries out full implementation of management measures. Research ability has improved, products are innovated and upgraded, main businesses are expanded, thus each business segment is pushed forward. Three innovative platforms have been steadily landed and six bases have been gradually optimized to integrate the basic layout of the whole industry chain. By 2015, management level has carded business development strategy, updated management ideas, developed market from up to down, seeking qualitative and steady implementation of development strategy, and gradually shifted to direction of science and technology, service-oriented, business-oriented enterprises.

In 2015, the Company gives full play of research effect of Shenbao Technology Centre, continuing to strengthen the core strength of research and revitalize the incremental value, and promote product innovation and upgrading. Market development, customer service and technology are enhanced strongly. During the reporting period, the Company actively expands application research on catering channels, involving raw tea, tea powder, tea juice, plant extracts and others, which obtained high recognition of customers. This year the Company applies for a total of 10 national invention patents, 7 authorized national invention patents. At the end of the year, the Company owns 38 national patents.

During the reporting period, orderly landing of business innovation platform further integrated the tea industry chain resources and improve the ecological tea industry chain. Fuhai Tang is a faster drink brand targeting urban fashion crowd. Its operational resources and business model have been upgraded and gradually line stores expanded in the reporting period. Hangzhou "Jufangyong" take full play of the core West Lake Longjing tea, focusing on high flow franchised store sales, focusing on cross-sector cooperation to explore new models, to create a local specialty tea brand. Tea bank take full play of industry resources to create a brand of tea life experience space. The first landmark store settled in Software Industry Base, Science and Technology Park, Nanshan District in the year, cross-operating the whole off-line category of raw tea, drinks, tea-snack and sweetmeats and online platform. All these are to enrich tea spatial experience, achieve the integration of marketing, promotion, brand communication and capital. During the reporting period, the Company established Yunnan Pu'er tea trading center, carrying out business model, software and hardware construction. It will form a "tea trading center + e-commerce + mobile Internet + offline distribution", to further improve the tea industry ecological chain, to combine trading and consumption to enhance the value of the platform.

During the reporting period, with gradual promotion of each business strategies, the Company improved and optimized the bases in multi-level and multi-channels. Shenbao Huacheng was recognized by Indonesia Siniora Mary Committee (MUI) Food, Drug and Cosmetic assessment bodies (LPPOM-MUI) audit certification; while Wuyuan Jufangyong passed sustainable certification (SAGP) audit; this certification brings in stronger market competitive. Tea base located in Hangzhou and Mount Wuyi is not only a strategic production base of fine tea, but the source of ecological layout of tea industry. In the report period, the Company takes full advantage of excellent tourism resources of tea base, conducting tea tasting, free open days and other marketing activities, to rich connotation of the tea industry chain, increase added value of tea base to explore the development of new models and enhance the brand influence.

During the reporting period, the Company strengthened internal management construction. Established clear responsibilities and communication mechanism, strengthened the operational headquarters building, promoted and coordinated harmonium development between headquarters and subordinate enterprises; built a scientific and rational, realistic goals and performance evaluation system to promote performance incentives reform; continued to optimize ERP system construction, to ensure interoperability of information systems to achieve account funds to improve

the timeliness and accuracy of financial information; created efficient and orderly financial settlement center, through financial transactions settlement, transfer of funds, logistics, to reduce capital costs and improve capital efficiency.

During the reporting period, the Company continued to focus on "safety and prevention first; and make concerted efforts, comprehensive management" approach, continuing to strengthen the safety management awareness and operational level of employees, take the security responsibilities to the system, institutions and personnel; at the same time, with the introduction of new food safety regulations, strengthen food safety control of industrial chain, and constantly improve the food quality control system, which has won trust of major domestic and foreign customer. In 2015, the Company operates without major production safety accidents and major food quality and safety incidents.

With the gradual implementation of the pre-landing at various strategic projects, business covers the deep processing, fine tea sales, tea-life experience, electronic trading, food and beverage, technology research and development and other sectors of the industry chain, basically realized strategy development of the whole industry chain. The Company will take scientific and technological innovation as the core driving force to vigorously expand three business directions, that is, "health technology" based on Shenbao Huacheng plant extraction technology, "industrial services" based on trading center finance, electronic trading, modern logistics, and "life experience" based on fashion consumption of teabank\Fuhai Tong, to build sector undertakings covering healthy tea science and technology, fine tea sales, tea-living space, tea cultural tourism, by strengthening segment integrate resources and coordinated development in each business to improve the overall value of the industry.

In 2015, the Company achieved total revenue of 338,224,512.31 yuan, down by 8.12% over last year; operating profit of -48,234,424.41 yuan, down by 522.43% over last year; net profit attributable to shareholders of -35,256,169.10 yuan, down by 364.61% over last year .

II. Main business analysis

1. Introduction

See the "I-Introduction" in "Discussion and Analysis by the Management Team"

2. Revenue and cost

(1) Constitute of operation revenue

In RMB

	2015		2014		Increase/decrease y-o-y
	Amount	Ratio in operation revenue	Amount	Ratio in operation revenue	
Total of operation revenue	338,224,512.31	100%	368,121,399.84	100%	-8.12%
According to industries					
Industry	266,359,637.38	78.76%	261,507,225.84	71.04%	1.86%
Trading	19,996,329.88	5.91%		0.00%	
Real estate	47,771,344.00	14.12%	105,949,134.00	28.78%	-54.91%
Leasing service	1,568,023.00	0.46%	665,040.00	0.18%	135.78%
Other	2,529,178.05	0.75%			
According to products					
Soft drinks	21,909,296.65	6.48%	28,900,262.77	7.85%	-24.19%
Condiment	9,039,792.56	2.67%	9,900,865.60	2.69%	-8.70%

Tea products	255,406,878.05	75.52%	222,706,097.47	60.50%	14.68%
Commercial housing	47,771,344.00	14.12%	105,949,134.00	28.78%	-54.91%
Property leasing	1,568,023.00	0.46%	665,040.00	0.18%	135.78%
Other	2,529,178.05	0.75%			
According to region					
Exportation	8,704,227.24	2.57%	13,793,866.97	3.75%	-36.90%
South China	104,392,341.49	30.86%	215,158,841.22	58.45%	-43.45%
North China	29,832,169.63	8.82%	21,695,736.06	5.89%	37.50%
East China	154,904,463.04	45.81%	86,813,888.85	23.58%	58.53%
Central China	29,474,515.90	8.71%	21,157,490.49	5.75%	39.31%
Other region	10,916,795.01	3.23%	9,501,576.25	2.58%	14.89%

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

√Applicable □ Not applicable

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	266,359,637.38	225,568,034.63	15.31%	1.86%	5.76%	-3.13%
Trading	19,996,329.88	14,615,685.80	26.91%	100.00%	100.00%	100.00%
Real estate	47,771,344.00	6,992,547.85	85.36%	-54.91%	-55.68%	0.25%
According to products						
Soft drinks	21,909,296.65	16,257,240.38	25.80%	-24.19%	-20.96%	-3.03%
Condiment	9,039,792.56	5,899,471.23	34.74%	-8.70%	-8.95%	0.18%
Tea products	255,406,878.05	218,027,008.82	14.64%	14.68%	17.07%	-1.74%
Commercial housing	47,771,344.00	6,992,547.85	85.36%	-54.91%	-55.68%	0.25%
According to region						
Exportation	8,704,227.24	6,096,268.12	29.96%	-36.90%	-37.76%	0.97%
South China	104,392,341.49	49,950,431.60	52.15%	-51.48%	-48.87%	-2.45%
North China	29,832,169.63	26,097,906.39	12.52%	37.50%	30.78%	4.50%
East China	154,904,463.04	130,811,297.95	15.55%	78.43%	76.09%	1.12%

Central China	29,474,515.90	26,729,580.61	9.31%	39.31%	43.31%	-2.53%
Other region	10,916,795.01	7,758,251.02	28.93%	14.89%	-10.63%	20.29%

(3) Whether income from physical sales larger than income from labors or not

Yes No

Industries	Item	Unit	2015	2014	Increase/decrease y-o-y
Industry	Sales volume	Ton	19,650.62	17,381.52	13.05%
	Production volume	Ton	21,061.25	18,017.54	16.89%
	Stock volume	Ton	5,028.78	2,892.52	73.85%

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

Applicable Not applicable

Industrial inventory growth was mainly due to increased purchase of raw materials and finished goods.

(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

Industry classification	Item	2015		2014		Increase/decrease y-o-y
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Industry		225,568,034.63	91.16%	213,281,341.70	93.11%	5.76%
Trading		14,615,685.80	5.91%	0	0	100%
Real estate		6,992,547.85	2.83%	15,777,939.60	6.89%	-55.68%
Leasing service		267,467.41	0.11%	0	0	100%

In RMB

Product classification	Item	2015		2014		Increase/decrease y-o-y
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Soft drinks		16,257,240.38	6.57%	20,568,664.80	8.98%	-20.96%
Seasoning		5,899,471.23	2.38%	6,479,141.35	2.83%	-8.95%
Tea products		218,027,008.82	88.11%	186,233,535.55	81.30%	17.07%
Commercial residential building		6,992,547.85	2.83%	15,777,939.60	6.89%	-55.68%
Property leasing		267,467.41	0.11%	0	0	100%

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

Yes No

3 more companies included in combined financial statement in this reporting period

Company	Reason for change
Jufangyong Trading	Newly established
Yunnan Supply Chain	Newly established
Shenbao Shengyuan	Newly established

(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)	112,360,669.03
Proportion in total annual sales volume for top five clients	33.21%

Top five clients of the Company

Serial	Name	Sales (RMB)	Proportion in total annual sales
1	Client I	46,371,344.00	13.71%
2	Client II	21,999,280.72	6.50%
3	Client III	16,508,990.20	4.88%
4	Client IV	15,629,764.53	4.62%
5	Client V	11,851,289.58	3.50%
Total	--	112,360,669.03	33.21%

Main suppliers of the Company

Total purchase amount from top five suppliers (RMB)	94,120,724.44
Proportion in total annual purchase amount for top five suppliers	28.28%

Top five suppliers of the Company

Serial	Name	Sum of purchase (RMB)	Proportion in total annual sum of purchase
1	Supplier I	37,969,838.86	11.41%
2	Supplier II	30,000,000.00	9.01%
3	Supplier III	11,335,602.89	3.41%
4	Supplier IV	7,983,872.00	2.40%
5	Supplier V	6,831,410.69	2.05%
Total	--	94,120,724.44	28.28%

3. Expenses

In RMB

	2015	2014	Increase/decrease y-o-y (%)	Note of major changes

Sales expenses	46,050,246.67	34,669,374.33	32.83%	Increased sales expense of newly established subsidiary
Administration expenses	80,515,335.69	75,664,108.61	6.41%	
Financial expenses	-1,951,620.60	-1,033,252.39	-88.88%	Decreased interest expense

4. R&D investment

Applicable Not applicable

This year Shenbao Technology Center actively expanded application research on food channel, developed and implemented 85 customer projects, 39 new products, involving raw tea, tea powder, concentrate tea juice, plant extract, food and beverage etc.; successfully developed and listed more than 50 tea products for whole year, effectively supported tea branding development; within the year, set about to develop tea paper, hand soap and other products, constantly enrich the tea chain. During the reporting period, a total of 10 national invention patents obtained and 7 national invention patents authorized.

R&D investment of the Company

	2015	2014	Change ratio
Number of R&D (people)	35	45	-22.22%
Ratio of number of R&D	4.15%	5.53%	-1.38%
R&D investment (Yuan)	8,627,337.51	22,009,520.79	-60.80%
R&D investment accounted for R&D income	2.55%	5.98%	-3.43%
R&D investment capitalization (Yuan)	2,904,986.29	4,407,428.31	-34.09%
Capitalization R&D investment accounted for R&D investment	33.67%	20.03%	13.64%

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	2015	2014	Increase/decrease y-o-y
Subtotal of cash in-flow from operation activity	431,429,432.91	408,865,824.21	5.52%
Subtotal of cash out-flow from operation activity	477,392,522.00	383,422,711.76	24.51%
Net cash flow from operation activity	-45,963,089.09	25,443,112.45	-280.65%
Subtotal of cash in-flow from investment activity	225,100,233.10	18,104,491.96	1,143.34%

Subtotal of cash out-flow from investment activity	264,817,963.43	59,700,647.42	343.58%
Net cash flow from investment activity	-39,717,730.33	-41,596,155.46	4.52%
Subtotal of cash in-flow from financing activity	6,460,230.92	92,628,988.15	-93.03%
Subtotal of cash out-flow from financing activity	40,159,000.00	53,179,206.34	-24.48%
Net cash flow from financing activity	-33,698,769.08	39,449,781.81	-185.42%
Net increased amount of cash and cash equivalent	-119,333,891.29	23,395,505.53	-610.07%

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

√Applicable □Not applicable

1 Net change in cash flow from operating activities was mainly the purchase money paid for goods due to the increase;

2. Cash inflow and outflow from investment activities of financial activities is mainly due to financing while the net change is little;

3. Cash flows from financing activities this year is due to no loan borrowings and the return of last year.

III. Analysis of the non-main business

□Applicable √Not applicable

IV. Assets and liability analysis

1. Major changes of assets

In RMB

	End of 2015		End of 2014		Ratio changes	Notes of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary fund	148,013,887.15	13.96%	267,347,778.44	23.15%	-9.19%	Financing
Account receivable	75,948,016.12	7.16%	103,147,982.43	8.93%	-1.77%	
Inventory	175,822,373.53	16.58%	130,041,684.50	11.26%	5.32%	Increased purchase of tea
Investment property	18,809,193.68	1.77%	0	0.00%	1.77%	
Long-term equity investment	7,034,953.91	0.66%	1,042,686.34	0.09%	0.57%	
Fixed assets	358,418,473.54	33.80%	397,461,013.05	34.42%	-0.62%	
Construction in progress	6,790,574.90	0.64%	4,040,726.71	0.35%	0.29%	
Short-term loan			40,000,000.00	3.46%	-3.46%	

Accounts paid in advance	18,601,600.34	1.75%	7,779,877.27	0.67%	1.08%	Increased purchase of raw materials for tea
Other non-recurring assets	9,381,000.00	0.88%	0	0.00%	0.88%	Accounts paid in advance for land
Accounts payable	24,821,587.58	2.34%	17,679,451.23	1.53%	0.81%	Subsidiary newly established
Remuneration payable	12,357,984.32	1.17%	7,837,260.80	0.68%	0.49%	Subsidiary newly established
Other accounts payable	23,637,606.15	2.23%	48,845,820.69	4.23%	-2.00%	Accounts paid for decoration

2. Assets and liabilities 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)	1,777,695.79	1,808,657.11					3,586,352.90
Aforementioned total	1,777,695.79	1,808,657.11					3,586,352.90
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

V. Investment analysis

1. Overall situation

√Applicable □Not applicable

Investment in reporting period (yuan)	Investment in the same period of last year (yuan)	Range
21,615,000	0	100%

2. 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	Current purchase amount	Current sales amount	Gains and loss in the reporting	Book value at the end of the period	Accounting subject	Source of stock
Domestic and overseas stock	000017	Shenzhen A	-	Fair value measurements	1,777,695.79	1,808,657.11	0.00	0.00	1,808,657.11	3,586,352.90	Financial assets available for sale	Paid shares from debt reorganization
Total			-	--	1,777,695.79	1,808,657.11	0.00	0.00	1,808,657.11	3,586,352.90	--	--

3. Application of raised proceeds

(1) Overall application of raised proceeds

√ Applicable □ Not applicable

In 10 thousand Yuan

Year	Way	Total raised capitals	Total raised capital used in Period	Total accumulative raised capitals used	Total raised capital has purpose of uses changed in Period	Cumulative raised capitals has purpose of uses changed in total	Ratio of cumulative raised capitals has purpose of uses changed	Total accumulative raised capitals unused	Usage of the retained raised capitals and what is expected to invested with those capitals	Raised capitals idle for more than two years
2011	Non-public listed stock	57,239.21	2,461.05	47,413.24	0	16,729.17	29.23%	0	Not applicable	0

General application of raised proceeds

Being approved of "Reply on Privately Offering from Shenzhen Shenbao Industrial Co., Ltd." ZJXK[2011] No. 777 issued from CSRC, the Company privately offering 68,977,066 shares of RMB ordinary share (A share) to 8 target investors with issuing price of RMB 8.70 each, RMB 1.00 face value. Total monetary capital RMB 600,100,474.20 was raised, actual net capital raised for Shenshenbao amounting to RMB 572,392,141.89 after deducting relevant offering expenses RMB 27,708,332.31. The capital privately raised above said has fully funded on 23 June 2011 and has verified by "Verification Report" LIXIN DAHUA YZi [2011] No. 177 issued from Lixin Dahua.

On April 27, 2012, the company held 2011 annual general meeting which has deliberated and approved the "Motion on changing the use of some raised funds", and agreed the company to cancel the raised funds of 155 million Yuan for the "Integrated utilization project of the catechin with annual output of 300 tons" and use 125 million Yuan of the raised funds to invest and establish the "High-end brand investment and development project of the specialty tea" (this projects contains the former "Specialty tea chain project", the aggregate investment in the project is 155 million Yuan, 125 million Yuan of which is from the raised funds for the "Integrated utilization project of the catechin with annual output of 300 tons" and the other 30 million Yuan comes from the raised funds for the "Specialty tea chain project", the project implementation subject is the subordinate Hangzhou Jufangyong), and use the rest raised funds of 30 million Yuan to establish the joint venture company with Zhejiang Wafa Tea to develop the tea joint venture company; cancel the implementation of the "Expansion project for seasoning production line", change the implementation subject of the "Tea and natural plants R&D center project" from the wholly-owned subsidiary – WuYuan Jufangyong to the newly established wholly-owned subsidiary – Shenzhen Shenbao Research and Development Center Co., Ltd., and change the implementation location from WuYuan County, Jiangxi to Shenzhen City, Guangdong. As of December 31, 2015, the Company invested a total 47,413.24 million in projects using fund-raised. 2015 First Extraordinary General Shareholders' Meeting" reviewed and approved 'motion to raise savings of funds-raised to add permanent liquidity', we agreed that carry out savings to supplement working capital permanently. A cancellation procedure of fund-raising account was completed after transferring to basic deposit account. As of 31 Dec 2015, funds-raising amounted to 0 yuan.

(2) Situation of committed project of raised proceeds

√ Applicable □ Not applicable

In 10 thousand Yuan

Committed investment projects & investment of raised fund	Projects changed or not (including changed partially)	Total committed investment of raised capitals	Total investment after adjustment (1)	Amount invested in this year	Amount of accumulated investment till the year-end (2)	Investment program till the year-end (3)=(2)/(1)	Predicted serviceable condition date of project	Profit realized in this year	Reach the predicted interest or not (Y/N)	Project feasibility was changed hugely or not(Y/N)
Investment project commitment										
1. Acquisition of 48.33% equity from Shenbao Huacheng	N	6,510.05	6,510.05	---	6,510.05	100.00%	2011-7-31	-449.94	Y	N
2. Comprehensive Investment Project of Tea Industry Chain	N	27,000	27,000	899.33	18,019.41	66.74%	2015-9-30	-430.83	N	N
3. Comprehensive Project with Annual Capacity of 300 Tons Catechin	Y	15,500	---	---	---	---	---	---	Not applicable	Y
4. Chain Project for Classical Tea Leaves	Y	3,000	---	---	---	---	---	---	Not applicable	N
5. Project of R&D Center for Tea and Natural Plants	Y	4,000	---	---	---	---	---	---	Not applicable	N
6. Expansion Project of Condiment Production Line	Y	4,000	---	---	---	---	---	---	Not applicable	Y
7. Project of Developing High-end Brand Classical Tea	---	---	15,500	1,561.72	14,470.47	93.36%	2016-4-30	---	N	N
8. Establishment of joint venture of Zhejiang Shen Shenbao Huafa Tea Co., Ltd.	---	---	3,000	0	3,000.42	100.00%	2012-12-31	---	Y	N

9. Project of R&D Center for Tea and Natural Plants	---	---	5,229.17	0	5,412.89	100.00%	2014-12-31	---	Y	N
Subtotal of commitment projects	--	60,010.05	57,239.22	2,461.05	47,413.24		--	-880.77	--	--
Investment of raised fund										
Total	--	60,010.05	57,239.22	2,461.05	47,413.24	--	--	-880.77	--	--
Particular about not coming up to schemed progress or expected revenue and the reason(In specific project)	Comprehensive Investment Project of Tea Industry Chain and project of Developing High-end Brand Classical Tea were both in the incubation period, which didn't meet the expected income.									
Explanation on great changes of feasibility of project	<p>1. Comprehensive Project with Annual Capacity of 300 Tons Catechin: by virtue of technical innovation, the Company made comprehensive enhancements in the original production crafts for instant tea powder, pursuant to which, the production line for instant tea powder was equipped with the function of producing catechin and natural plant products. Therefore, the Company was able to develop and produce catechin and natural plant products for sales, satisfying demands from its existing and new customers. As compared to the original plan on implementing the Comprehensive Project with Annual Capacity of 300 Tons Catechin, the Company can be better served with such innovated technologies to make comprehensive use of the production line of instant tea powder, with fewer equipments allocation, more efficient benefits, reduction of fixed assets allocation and amortization, so as to improve the integrated profitability of the Company. In order to effectively prevent from investment risks and protect the interests of the Company and its shareholders, the Company, with careful and prudent consideration, decided to cancel the Comprehensive Project with Annual Capacity of 300 Tons Catechin and thereby to change the proceeds application purposes.</p> <p>2. Expansion Project of Condiment Production Line: despite that the prospectus of condiment market was positive; the furious market competition can't be ignored. In case that the Company wanted to make significant breakthrough in the furious market competition based on the prevailing operation condition of condiment, the Company was required to allocate material human, assets and property resources. In 2011, the Company experienced significant drop in income from its condiment operation, recording relatively material losses. Considering that it had no advantage in condiment operation, the Company would face relatively significant market risks and uncertainty if the original resources allocation couldn't meet the expected target. By virtue of the non-public offering, the Company determined its development direction for tea industry, namely Natural, Green and Healthy, in 2011. According to the development strategy, the Company would focus on expanding tea industry. Therefore, the Company cancelled the Expansion Project of Condiment Production Line, and applied the proceeds for such project to investment in the Project of R&D Center for Tea and Natural Plants. At the 2011 Annual General Meeting held on 27 April 2012, the Company considered and approved the Proposal on Change of Part Proceeds Application Purposes, approving the changes and adjustments involved in the above projects.</p>									
Amount, usage and	Not applicable									

progress of using for fund raising out of the plan	
Change of implementation place of investment project of raised capitals	Applicable
	Occurred in previous years
	The Company changed the implementation place of Project of R&D Center for Tea and Natural Plants from Wuyuan county Jiangxi province to Shenzhen Guangdong province. Those changes were considered and approved in the 2011 Annual General Meeting of the Company held on 27 April 2012.
Adjustment to implementation method of investment project with proceeds	Not applicable
Initial input and replacement of investment project with proceeds	Not applicable
Temporary supplement of current capital with idle proceeds	Applicable
	On 4 September 2014, the “Proposal of Using Part of Idle Fund Raised for Supplement Current Capital Temporary Again” was deliberated and approved in First General Meeting of 2014 with part of the fund raised RMB 80 million to supplement current capital of the Company for 12 months at most. The above fund raised will be return On 30 July 2015.
Balance of fund raised in way of implementation and reasons	Applicable
	In recent years, the company has comprehensively improved and optimized and upgraded its production technology by continuous technological innovation. When refinancing funds to put into the projects, the company has used the raised funds according to the actual situation and based on the economical and reasonable and effective principle, strictly controlled the expenses of raised funds in the premise of ensuring the project construction quality, fully considered the comprehensive utilization of resources, strengthened the control, supervision and management to project costs, reduced the engineering costs, and saved the project costs. Therefore, the raised funds generated surplus. In order to increase the use efficiency of raised funds, reduce the financial costs and maintain the interests of company and investors, the company convoked the 20 th meeting of the eighth board of director on August 21, 2015 which deliberated and passed the “Motion about permanently supplementing the surplus of raised funds to the circulating funds”, and agreed to permanently supplement the raised funds surplus of total 116, 207, 900 yuan (including the interests, the specific is subject to the amount on transfer day) to the circulating funds. 10 Sep 2015 First Extraordinary General Shareholders’ Meeting" reviewed and approved the proposal above. And a cancellation procedure of fund-raising account was completed after transferring to basic deposit account.

Purposes and application of unutilized proceeds	Not applicable
Problems found during the application and disclosure of proceeds or other issues	The related information concerning proceeds disclosed by the Company is in-time, true, accurate and complete; no illegal issue has been found in place, use, management and disclosure of proceeds. The Company has never made financing for over 2 times, not even the application of proceeds in those years.

(3) The changed project of raised proceeds

√ Applicable □ Not applicable

In 10 thousand Yuan

Project after the change	Corresponding original committed project	Total amount invested after adjustment (1)	Virtual amount input in the reporting	Accumulation virtual amount input deadline the end of the reporting (2)	Progress of the investment deadline the end of the reporting %)(3)=(2)/(1)	Predicted serviceable condition date of project	Income achieved in the reporting	Whether it has come up to the scheduled income (Y/N)	Whether the feasibility of the project changed after the alteration (Y/N)
Investment development project for high-end brand classical tea	Comprehensive Project with Annual Capacity of 300 Tons Catechin /Chain Project of Classical Tea Leaves	15,500	1,561.72	14,470.47	93.36%	2016-4-30	---	N	N
Jointly incorporation of Zhejiang Shenbao Huafa Tea Co., Ltd.	Comprehensive Project with Annual Capacity of 300 Tons Catechin	3,000	---	3,000.42	100.00%	2012-12-31	---	Y	N
Project of R&D Center for Tea and Natural	Project of R&D Center for Tea and Natural	5,229.17	---	5,412.89	100.00%	2014-12-31	---	Y	N

Plants	Plants / Expansion Project of Condiment Production Line								
Total	--	23,729.17	1,561.72	22,883.78	--	--		--	--
Changing reason, decision procedure and statement of disclosure(In specific project)		<p>1. Cancel the “Comprehensive Project with Annual Capacity of 300 Tons Catechin”: by virtue of technical innovation, the Company made comprehensive enhancements in the original production crafts for instant tea powder, pursuant to which, the production line for instant tea powder was equipped with the function of producing catechin and natural plant products. Therefore, the Company was able to develop and produce catechin and natural plant products for sales, satisfying demands from its existing and new customers. As compared to the original plan on implementing the Comprehensive Project with Annual Capacity of 300 Tons Catechin, the Company can be better served with such innovated technologies to make comprehensive use of the production line of instant tea powder, with fewer equipments allocation, more efficient benefits, reduction of fixed assets allocation and amortization, so as to improve the integrated profitability of the Company. In order to effectively prevent from investment risks and protect the interests of the Company and its shareholders, the Company, with careful and prudent consideration, decided to cancel the Comprehensive Project with Annual Capacity of 300 Tons Catechin. The proceeds for such project were invested in investment development project for high-end brand classical tea and jointly incorporation of Zhejiang Shenbao Huafa Tea Co., Ltd. and original selected tea chain project was included in the high-end brand classical tea investment.</p> <p>2. Cancel the “Expansion Project of Condiment Production Line”: despite that the prospectus of condiment market was positive; the furious market competition can’t be ignored. In case that the Company wanted to make significant breakthrough in the furious market competition based on the prevailing operation condition of condiment, the Company was required to allocate material human, assets and property resources. In 2011, the Company experienced significant drop in income from its condiment operation, recording relatively material losses. Considering that it had no advantage in condiment operation, the Company would face relatively significant market risks and uncertainty if the original resources allocation couldn’t meet the expected target. The Company determined its development direction for</p>							

	<p>tea industry, namely Natural, Green and Healthy. According to the development strategy, the Company would focus on expanding tea industry. Therefore, the Company cancelled the Expansion Project of Condiment Production Line, and applied the proceeds for such project to investment in the Project of R&D Center for Tea and Natural Plants.</p> <p>3. Changes of “tea and natural plant R&D center ”project location and implementation main body: there are many advantages of the initial location of the project, which is in Wuyuan county, Jiangxi Province, owns many advantages in tea industry resources and cost. However, the initial location of the project is weak in talent gathering, information exchange, resource sharing and integration, and customer service market. Therefore, the initial location in Wuyuan county Jiangxi Province was moved to Shenzhen city, Guangdong province. The implementation main body was turned from Wuyuan Jufangyong into Shenzhen Shenbao Technology Center Co., Ltd., wholly owned subsidiary of the Company. The Company also increased its investment to RMB 54 million after counting the fixed assets investment of the project and high labor cost in the new implementation.</p> <p>The modification of raise investment project was deliberated and approved in the 20th Meeting of 7th session of the Board on 5 April 2012 and annual shareholders’ general meeting of 2011 on 27 April 2012. For details, please refer to the related announcement disclosed at Securities Times, China Securities, Hong Kong Commercial Daily and www.cninfo.com.cn on 6 April 2012 and 28 April 2012.</p>
Not meet the scheduled progress or projected benefits, and reasons for that (based on specific project)	Project of developing high-end brand classical tea are in a incubation period without expected earnings obtained.
Explanation on significant changes in feasibility of projects	Not applicable

VI. 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	153,451,300.00	180,550,297.41	153,918,496.73	164,847,028.93	-11,781,033.52	-8,987,843.01

		tea powder, tea juice						
Hangzhou Ju Fang Yong	Subsidiary	Production & sales of tea product	175,000,000.00	150,705,686.34	142,461,307.20	20,008,357.05	-21,275,573.14	-21,099,124.76
Shenzhen Shenbao Investment	Subsidiary	Investment	50,000,000.00	49,694,154.15	44,725,182.79	3,247,547.79	-10,403,529.97	-10,435,684.99

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
Jufangyong Trading	Newly established	-
Yunan Supply Chain	Newly established	-
Shenbao Shengyuan	Newly established	-

Explanation on 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); production and sales of tea products (instant tea). Registered capital was RMB153, 451,300. Ended as this period-end, the total assets of Shenbao Huacheng is RMB 180,550,297.41, Net Assets is RMB153,918,496.73, and shareholders' equity attributable to parent company is RMB 150,801,877.38; in the reporting period, Shenbao Huacheng realized operation income and net profit attributable to shareholders of parent company of RMB 164,847,028.93 and RMB -8,987,843.01 respectively, Net profit attributable to owner's equity of parent Company is RMB-8,429,462.36.

2. Hangzhou Jufangyong Holding Co., Ltd., a wholly owned subsidiary. Business scope: wholesale, retail: 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 RMB150,705,686.34, Net Assets is 142,461,307.20, and shareholders' equity attributable to parent company is RMB125,607,651.6; in the reporting period, Ju Fang Yong realized operation income and net profit attributable to shareholder of parent company as RMB 20,008,357.05 and RMB -21,099,124.76 respectively, Net profit attributable to owner's equity of parent Company is RMB-17,628,384.36.

3. Shenbao Technology Center Co., Ltd., a wholly owned subsidiary. Funded industrial projects (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 49,694,154.15, Net Assets is RMB44,725,182.79, and shareholders' equity attributable to parent company is RMB 43,179,729.4; in the reporting period, Shenbao Technology Center realized operation income and net profit attributable to shareholder of parent company as RMB3,247,547.79 and RMB -10,435,684.99 respectively, Net profit attributable to owner's equity of parent Company is RMB-6,760,423.23.

VII. Structured vehicle controlled by the Company

Applicable Not applicable

VIII. Prospects on future development

(I) Development trend and competition layout of the industry

1. The development trend of tea industry

Tea production scale for 2015 continued overall growth, according to the Ministry of Agriculture Planting Department's Statistics, for 2015, tea garden area totaled 43.16 million acre covering 18 tea-producing provinces, up by 4.2% than last year; dry Maocha production reached 2.278 million tons, up by 8.9% compared with last year. Green tea, oolong tea production has declined, and white tea up more than 50%, black tea, black tea, and yellow tea up more than 10%. Output of dry Maocha reached 151.92 billion yuan, 12.6% increase over the previous year. For 2015 tea production in around 50% tea planting area overall declined in sales; sales of 92% of high-grade tea producing areas declines at a rate ranging from 10-20%. Tea production quality and safety remained stable. Domestic tea market increasingly becomes competitive with more reasonable prices. Share of mobile ecommerce trade increased steadily. The new media marketing has become the most effective means to promote the tea business. Safe and reasonable price, wide range of 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 2015, beverage industry across China grew uneasily. An intense competitive market put a greater impact on some of the major beverage brands. Market share of carbonated drinks, fruit juice, tea drinks, and herbal tea beverage declined slightly. Market share of bottled water, functional beverages, light drinks increased slightly. Category market is more obvious, for instance, cool and cute packaging and unique taste attracted 90's to the main beverage consumption. In 2015, sales of old brand products showed a certain decline, certain new class of individual tea drinks performed outstanding, but in overall new drinks lackluster. On-site drinks from branding chain stores and caterings have a certain impact on the bottled tea drinks market. Tea drinks need to be upgraded with challenges from brand competition. Tea and deep processing products of natural plant, in line with the development trend of natural beverages, health and safety, not only in convenient bottled tea drinks and vegetable drinks, and is widely used in fashionable beverage shop, restaurants. How to further open up new markets and new applications of consumption? The Company also faced with the challenge of transformation and upgrading.

3. Competitive landscape

Due to slowdown in the 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) 2016 business plan

With the gradual implementation of the adjustment of business strategy as well as the layout of the project, Shenbao has been basically clear in industry layout. By 2016, the Company will continue to

innovate, fully integrate resources, and strive to improve the overall competitiveness and profitability.

1. Basically realize the integration and layout of the whole industry chain

By 2016, the Company will deepen the core power; drive cross-type service platforms, namely Shenbao Technology Centers and Pu'er Trading Centers to promote strategic research to support the extension and development of the whole industry chain. Famous production base will continue to provide standardized and high-quality organic products. Subordinate high-tech enterprises will continue to update and expand the product for customers to provide raw materials, professional services and other solutions, and maintain development of deep processing business. The Company will build a modern marketing strategy coping with traditional industry. Quick connection with consumers should be advocated in bringing purchasers. Sharing formation in social network result in secondary transmission of the brand, reputation accumulation diffusion, effectively expand visibility and sales of each fine tea brand.

2. Development trend of high-tech, service-oriented, business-oriented

In 2016, the Company will change direction from the traditional selling to tea-drinking, from tea park to tea cup, from cultivation, production, and sale of tea products to social sharing cultural tourism, health drink, leisure experience. The Company shall be end-consumer-oriented, change from production side to consumers' side. Thus strengthen the industrial chain based on the overall market value of the output, to create "popular, fashionable, life-living" brands. The Company shall focus on tea consumption experience, try to achieve a comprehensive upgrading of brand value, achieve upgrading from manufacturing to consumer economy industries, forming "health technology", "industry services" "life experience" direction, scoping deep processing, fine tea sales, tea-life experience, electronic trading, food and beverage, technology research and development. Relying financial platform and tea consumption, strengthening integration of resources and coordinated development to form a tea culture tourism, famous tea sales, tea-health technology, tea living space, build financial, distribution, electricity providers, and research for industry service platform, leading the financial platform to support multi-service cooperation and common prosperity.

3. Innovate ideas, promote business

For 2016, the Company will unify thinking, strengthen the implementation of the strategy, innovate management and sales model, to consolidate the market and maintain existing customers, and explore potential market; optimize and improve the scientific research system, and give full play of the main effect of R & D Technology Center, to ensure the sustainable development of each business segment to give strong support; further strengthen its internal control system, effectively carry out the standardization of financial supervision, standardize the existing internal control system, improve the management level and risk prevention capacity through internal control and external audit; through the financial ERP project to achieve interoperability of information systems thus improve the timeliness and accuracy of financial information; the Company will continue to optimize the performance management system, optimize the incentive mechanism, strive to explore innovative incentive model, lead performance management to become the business growth driving force; in 2016, the Company will strengthen safety training, safety awareness and effectively enhance staff skills, strengthen security focusing on remediation and special treatment; continue to strengthen the building of enterprise culture, to create a positive corporate culture, to create a harmonious, progressive, open culture, thus promote business development.

(IV) Unfavorable factors and countermeasures

1. Domestic beverage market keep dimming, various business segments are emerging, the brand is still in the training stage, brand awareness is limited, it is more difficult to play a significant economic benefits in the short term. The Company will actively expand the brand investment channels, do research on products to meet consumer demand, and constantly enrich the product line, and accelerate the speed of branding efforts to improve earnings.

2. Since the original auxiliary materials and rising labor costs, operating costs continue to increase, the profit space is limited, the Company will improve the market competitiveness through continuous research and innovation and application of new technologies.

3. Insufficient strategic talent pool put a challenge to the future. in 2016, the Company will continue the introduction of foreign professionals, internal orientation training, strengthen human resources construction, through continuous optimization of incentives, efforts to explore the line of effective incentive model, so that performance management has become business growth impetus.

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

√Applicable □Not applicable

Time	Way	Type	Contents
2015-5-13	Spot research	Institution	For details please refer to ‘record from for investors relation activity on 13 May 2015’ disclosed in Juchao Website
2015-5-28	Spot research	Institution	For details please refer to ‘record from for investors relation activity on 28 May 2015’ disclosed in Juchao Website
2015-5-28	Spot research	Institution	For details please refer to ‘record from for investors relation activity on 28 May 2015’ disclosed in Juchao Website
2015-7-13	Spot research	Institution	For details please refer to ‘record from for investors relation activity on 13 July 2015’ disclosed in Juchao Website
2015-7-14	Spot research	Institution	For details please refer to ‘record from for investors relation activity on 14 July 2015’ disclosed in Juchao Website
2015-11-19	Spot research	Institution	For details please refer to ‘record from for investors relation activity on 19 Nov 2015’ disclosed in Juchao Website
Reception (times)		6	
Number of hospitality		12	
Number of individual reception		0	
Number of other reception		0	
Disclosed, released or let out major undisclosed information		No	

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 2013: Based on capital share of 250,900,154 on 31 Dec 2013, carried out 2 shares every 10-share to all shareholders using capital reserve, no cash dividend and no bonus share.

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 5 shares every 10-share to all shareholders using capital reserve, no cash dividend and no bonus share.

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 statement for bonus year	Ratio in net profit attributable to common stock shareholders of listed company contained in consolidation statement	Amount for cash bonus by other ways	Proportion for cash bonus by other ways
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%
2013	0.00	43,662,208.27	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 capitalizing of common reserves plan for the Period

Applicable Not applicable

Bonus shares for every 10-share (Share)	0
Dividends for every 10-share (RMB) (Tax included)	0
Shares added for every 10-share base (Share)	5
Equity base of distribution plan (Share)	301,080,184
Total cash dividend(RMB) (Tax included)	0.00
Distributable profits (RMB)	238,155,954.14
Ratio of cash dividend in total profit distribution	0.00%

Cash dividend policy:

Other

Detail explanation on profit distribution or capitalization from capital public reserve

After Dahua audited, in 2015, net profit attributable to shareholders of the parent company is -35,256,169.10 yuan, net profit of the parent company is 1,874,146.48 yuan. by subtracting 10% of net profit of the parent company as surplus public plot, namely 187,414.65 yuan, plus retained earnings of 2014 parent company, namely 236,469,222.31 yuan, profit available for distribution to shareholders is 238,155,954.14 yuan. As of 31 Dec 2015, the Company's balance of consolidated capital reserve is 518,186,660.59 yuan.

According to relevant regulations and "Articles of Association", providing account of the interests of shareholders, board of directors intends to submit general meeting of shareholders the 2015 profit distribution plan: based on total share capital as December 31, 2015, namely 301,080,184 shares, the Company transfer 5 more shares every 10-share to all shareholders by transferring a total of 150,540,092 shares. The total share capital will be increased to 451,620,276 shares from 301,080,184 shares. The Company does not plan cash dividend and bonus share. The profit distribution plan need approval of shareholders' meeting before implementation.

III. Implementation of commitment

1. Commitments that the company, shareholders, actual controller, offeror, directors, supervisors, senior management or other related parties have fulfilled during the reporting period and have not yet fulfilled by the end of reporting period

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 Yiyang; 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 to A stock (000019) within 1 month since 1 July 2015, and would not sell within 6 months. Details please refer to notice disclosed on Juchao website.	2015-710	1. enlarged shares before 10 Aug 2015; 2. no sales within 6 months after enlarged shares held	All the promisors obeyed promises till reporting period
Completed on time(Y/N)	Yes					
If the commitments is not fulfilled on time, shall explain the specify reason and the next work plan	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. Particulars about the changes in aspect of accounting policy, estimates and calculation method compared with the financial report of last year

√ Applicable v Not applicable

3 More companies included in combined financial statement in this reporting period compared to last period

company	Reason for change
Jufangyong Trading	Newly established
Yunnan Supply Chain	Newly established
Shenbao Shengyuan	Newly established

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

Accounting firm appointed

Name of domestic accounting firm	Dahua Certified Public Accountants (LLP)
Remuneration for domestic accounting firm (in 10 thousand Yuan)	48
Continuous life of auditing service for foreign accounting firm	8 years
Name of domestic CPA	Chen Baohua、 Gong Chenyan

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 (LLP) was hired as the internal control audit institutions of the Company, RMB 230,000 for internal control audit fee.

VII. Significant lawsuits and arbitrations of the Company

Applicable √ Not applicable

No significant lawsuits and arbitrations occurred in the reporting period

VIII. 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.

IX. Significant contracts and its implementation

1. Magnificent Guarantee

√ Applicable Not applicable

(1) Guarantees

In ten 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	Guarantee limit	Actual date of happening (Date of	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation	Guarantee for relate

	re date		signing agreement)				ion or not	d party	
Shenzhen Shenbao Sanjing Food & Beverage Development Co., Ltd		3,000	2014-4-14	3,000	Joint liability guaranty	1 year	Yes	Yes	
Shenzhen Shenbao Huacheng Technology Co., Ltd		3,000	2014-4-14	0	Joint liability guaranty	1 year	Yes	Yes	
Shenzhen Shenbao Huacheng Technology Co., Ltd		3,000	2014-7-7	3,000	Joint liability guaranty	1 year	Yes	Yes	
Shenzhen Shenbao Huacheng Technology Co., Ltd		3,000	2015-7-27	3,000	Joint liability guaranty	1 year	No	Yes	
Total amount of approving guarantee for subsidiaries in report period (B1)			3,000	Total amount of actual occurred guarantee for subsidiaries in report period (B2)				9,000	
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)			3,000	Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)				3,000	
Guarantee 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)				9,000	
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+									3.21%

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

2. Entrust others to 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 withdrawal (if applicable)	Anticipated income	Actual gains/losses in period	Actual collected gains/losses in period
Pudong Development Bank Shanghai branch	N	Bank financing	3,000	2015-3-25	2015-6-25	Guaranteed earnings	3,000		38.25	38.25	Complete recovery
Pudong Development Bank Shanghai branch	N	Bank financing	1,000	2015-4-10	2015-5-13	Guaranteed earnings	1,000		4.31	4.31	Complete recovery
CITIC Bank	N	Bank financing	2,000	2015-3-24	2015-5-20	Floating earnings	2,000		18.11	18.11	Complete recovery
CITIC Bank	N	Bank financing	3,000	2015-3-25	2015-7-28	Floating earnings	3,000		28.8	65.33	Complete recovery
CITIC	N	Bank	2,000	2015-5-2	2015-7-1	Floating	2,000		11.4		

Bank		financi ng		2	6	earnings					
CITIC Bank	N	Bank financi ng	1,000	2015-6-1 1	2015-7-1 6	Floating earnings	1,000		5.7	9.8	Comple t recovery
Shenzhen Rural Commerci al Bank	N	Bank financi ng	300	2015-6-2 4	2015-7-8	Floating earnings	300		0.58	0.58	Comple t recovery
Pudong Developm ent Bank Shanghai branch	N	Bank financi ng	3,000	2015-9-2 3	2015-12- 23	Guarante ed earnings	3,000		27.75	27.75	Comple t recovery
Pudong Developm ent Bank Shanghai branch	N	Bank financi ng	1,000	2015-10- 10	2015-11- 13	Guarante ed earnings	1,000		2.93	2.93	Comple t recovery
Pudong Developm ent Bank Shanghai branch	N	Bank financi ng	1,000	2015-11- 18	2015-12- 21	Guarante ed earnings	1,000		2.7	2.7	Comple t recovery
CITIC Bank	N	Bank financi ng	3,000	2015-10- 15	2015-12- 30	Floating earnings	3,000		28	39.56	Comple t recovery
CITIC Bank	N	Bank financi ng	2,000	2015-12- 03	2015-12- 30	Floating earnings	2,000		6.67		
Total			22,300	--	--	--	22,300		175.2	209.32	--
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)			2015-3-21								
Disclosure date for approval from board of shareholders for trust			Not applicable								

financing (if applicable)	
Whether has trust financing plan in future	Yes

X. Explanation on Other Important Matters

Applicable Not applicable

According to the Cooperation Agreement On Construction signed between the Company and Shenzhen Jitai Industrial Development Co., LTD. (hereinafter referred to as "Jitai Industrial Company"), the Company and Jitai Industrial Company develop the land located in Wenjin north road No.(ZDNO.H307-0018) to a construction of self-use office building. The Company will not increase any invest by any mean and will not bear any cost. Jitai Industrial Company is responsible for investing and bearing all the capital needed by the project. The Company confirms 42 million Yuan as basis of property allocation proportion to construction based on evaluation for H307-0018 land. Property allocation apportion of the Company is: apportion of total cost caused by confirming 42 million Yuan as basis of property allocation proportion to construction based on evaluation for H307-0018 land (namely 42 million Yuan plus total capital invested by Jitai Industrial Company which has been confirmed by audit). Minimum apportion takes 20% if the final apportion is less than 20%. In Dec of 2012, both sides determine to withdraw usage of 'self-using office building' which waa changed to usage of Jade Apartment residential program. Residential housing has been partner since 26 Oct of 2014. Jade apartment program is applicable to joint venture rules. As to 31 Dec of 2015, income arising from residential housing attributable to Shenbao is 153,720,478.00 Yuan.

XI. Significant event of subsidiary of the Company

Applicable Not applicable

XII. Social responsibility

Applicable Not applicable

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, combined with the actual establishment of a standardized corporate governance structure, 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; efforts to improve management, enhance innovation capability, enhance core competencies, with sound operational bring in shareholders return; 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 Not applicable

Section VI. Changes in Shares and Particulars about Shareholders

I. Changes in Shares

1. Changes in Shares

	Before the Change		Increase/Decrease in the Change (+, -)				After the Change		
	Amount	Proportion	New shares issued	Bonus shares	Capitalization of public reserve	Others	Subtotal	Amount	Proportion
I. Restricted shares	17,464,616	5.80%				150,825	150,825	17,615,441	5.85%
1. State-owned shares	0	0.00%				0	0	0	0.00%
2. State-owned corporate shares	8,140,475	2.70%				0	0	8,140,475	2.70%
3. Other domestic shares	9,324,141	3.10%				118,500	118,500	9,474,966	3.14%
Including: Domestic legal person's shares	9,324,141	3.10%				0	0	9,324,141	3.10%
Domestic nature person's shares	0	0.00%				118,500	118,500	118,500	0.04%
4. Foreign shares	0	0.00%				32,325	32,325	32,325	0.01%
Including: Foreign corporate shares	0	0.00%				0	0	0	0.00%
overseas nature person's share	0	0.00%				32,325	32,325	32,325	0.01%
II. Un-restricted shares	283,615,568	94.20%				-150,825	-150,825	283,464,743	94.15%
1. RMB common shares	252,252,368	83.78%				-150,825	-150,825	252,101,543	83.73%
2. Domestically listed foreign shares	31,363,200	10.42%				0	0	31,363,200	10.42%
3. Foreign listed foreign shares	0	0.00%				0	0	0	0.00%
4. Other	0	0.00%				0	0	0	0.00%
III. Total shares	301,080,184	100.00%				0	0	301,080,184	100.00%

Reasons for share changed

Applicable Not applicable

During the reporting period, part of the directors, supervisors and senior management of the

company increased A shares holdings, total holdings of 201,100 shares. Automatic locking 75% stake according to directors, supervisors and senior executives with the relevant provisions, namely 150,825 shares.

2. Changes of restricted shares

√Applicable □Not applicable

In share

Shareholders' name	Number of shares restricted at Period-begin	Number of shares released in the Year	Number of new shares restricted in the Year	Number of shares restricted at Period-end	Restriction reasons	Released date
Zheng Yuxi	0	0	30,000	30,000	Executives locked shares	Each year unlock restricted shares taking 25 per cent of the total number of shares held
Lin Hong	0	0	18,750	18,750	Executives locked shares	Each year unlock restricted shares taking 25 per cent of the total number of shares held
Yan Zesong	0	0	32,325	32,325	Executives locked shares	Each year unlock restricted shares taking 25 per cent of the total number of shares held
Li Yiyan	0	0	18,750	18,750	Executives locked shares	Each year unlock restricted shares taking 25 per cent of the total number of shares held
Li Fang	0	0	18,075	18,075	Executives locked shares	Each year unlock restricted shares taking 25 per cent of the total number of shares held
Yao Xiaopeng	0	0	20,175	20,175	Executives locked shares	Each year unlock restricted shares taking 25 per cent of the total number of shares held
Wang Zhiping	0	0	12,750	12,750	Executives locked shares	Each year unlock restricted shares taking 25 per cent of the total number of shares held
Total	0	0	150,825	150,825	--	--

II. Security offering and listing

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

√Applicable □Not applicable

During the reporting period, part of the directors, supervisors and senior management of the company automatically lock 75% stake according to directors, supervisors and senior executives with the relevant provisions. After locking, restricted shares increased to 17,615,441 shares from 17,464,616 while unlocked shares decreased to 283,464,743 shares from 283,615,568 shares.

III. Particulars about shareholder and actual controller of the Company

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

In share

Total common shareholders in reporting	34,553	Total common stock shareholders at end	55,074	Total preference shareholders with voting rights	0	Total preference shareholders with voting rights recovered at end of last month before annual report disclosed (if	0
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period-end		of last month before annual report disclosed		recovered at end of reporting period (if applicable) (found in note8)		applicable) (found in note8)		
Particulars about shares held above 5% by shareholders or top 10 shareholding								
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Total shareholders at the end of report period	Changes in report period	Amount of restrict shares held	Amount of un-restrict shares held	Number of share pledged/frozen	
							State of share	Amount
Shenzhen Agricultural Products Co., Ltd	Other	19.09%	57,474,117	0	9,324,141	48,149,976		
Shenzhen Investment Holding Co., Ltd	State-owned legal person	16.00%	48,172,304	0	8,140,475	40,031,829		
He Xueping	Domestic nature person	3.82%	11,500,000	11,500,000	0	11,500,000		
UOB Kay Hian (HK) Co., Ltd.	Overseas legal person	0.88%	2,636,507	2,636,507	0	2,636,507		
Sun Huiming	Domestic nature person	0.72%	2,175,850	616,052	0	2,175,850		
Zhang Yuanju	Domestic nature person	0.68%	2,047,700	2,047,700	0	2,047,700		
Guosen (HK) brokerage Co., Ltd.	Overseas legal person	0.61%	1,839,930	1,839,930	0	1,839,930		
Du Xinye	Domestic nature person	0.43%	1,300,000	1,300,000	0	1,300,000		
Liu Qingfu	Domestic nature person	0.41%	1,231,800	518,700	0	1,231,800		
Wu Lu	Domestic nature person	0.36%	1,091,500	1,091,500	0	1,091,500		

Explanation on associated relationship among the aforesaid shareholders	Shenzhen SASAC directly holds 26.76% equity interests of Agricultural Products, indirectly holds 5.24% equity interests of Agricultural Products and directly holds 100% equity interests of Shenzhen Investment Holding. Except for this, the Company was not aware of any related relationship between other shareholders above, and whether they belonged to parties acting in concert as defined by the Acquisition Management Method of Listed Company.		
Particular about top ten shareholders with un-restrict shares held			
Shareholders	Amount of listed shares held at end of the Period	Type of shares	
		Type	Amount
Shenzhen Agricultural Products Co., Ltd	48,149,976	RMB common shares	48,149,976
Shenzhen Investment Holding Co., Ltd	40,031,829	RMB common shares	40,031,829
He Xueping	11,500,000	RMB common shares	11,500,000
UOB Kay Hian (HK) Co., Ltd.	2,636,507	Domestically foreign shares	2,636,507
Sun Huiming	2,175,850	Domestically foreign shares	2,175,850
Zhang Yuanju	2,047,700	RMB common shares	2,047,700
Guosen (HK) brokerage Co., Ltd.	1,839,930	Domestically foreign shares	1,839,930
Du Xinye	1,300,000	RMB common shares	1,300,000
Liu Qingfu	1,231,800	RMB common shares	1,231,800
Wu Lu	1,091,500	RMB common shares	1,091,500
Expiation on associated relationship or consistent actors within the top 10 un-restrict shareholders and between top 10 un-restrict shareholders and top 10 shareholders	Shenzhen SASAC directly holds 26.76%% equity interests of Agricultural Products, indirectly holds 5.24% equity interests of Agricultural Products and directly holds 100% equity interests of Shenzhen Investment Holding. Except for this, the Company was not aware of any related relationship between other shareholders above, and whether they belonged to parties acting in concert as defined by the Acquisition Management Method of Listed Company.		
Explanation on shareholders involving margin business about top ten common shareholders with un-restrict shares held (if applicable) (see Note 4)	During the reporting period, shareholders He Xueping held 11,500,000 shares through Guotai Junan Securities by customer credit-backed securities trading account; shareholders Zhang Yuan held 1,770,400 shares through Haitong Securities by customer credit-backed securities trading account; shareholders Du Ye Xin held 1,300,000 shares through Northeast Securities by customer credit-backed securities trading account; shareholders Liuqing Fu held 1,231,800 shares through Haitong Securities by customer credit-backed securities trading account.		

Whether top ten common shareholders or top ten common 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 shareholder	Legal rep./person in charge of unit	Date established	Register capital	Main business
Shenzhen Agricultural Products Co., Ltd	Chen Shaoqun	1989-1-14	192179163	Engaged in develop, construct, operate and manage agricultural wholesale market and rental business; domestic business, material supply and marketing industry (excluding franchise and specialized goods); engaged in agricultural products, aquatic products wholesale, chain operations as well as import and export business; provide support for the agricultural products wholesale such as hostel, canteen, restaurant, transport, handling, storage, packaging; engaged in information (not including project against the laws, administrative regulations or projects the State Council decided to ban), property management, hotel management ; owned property leasing: market investment, investment in industry.
Equity of other domestic/foreign listed company with share controlling and share participation by controlling shareholder in reporting period	More details found in Annual Report 2015 of Agricultural Products, the controlling shareholder of the Company			

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 controller	Legal rep./person in charge of unit	Date established	Organization code	Main business
Shenzhen Municipal People's Government State-owned Assets Supervision & Administration Commission	Gao Zimin		K31728067	Supervised and managing the state-owned assets
Equity of other	-			

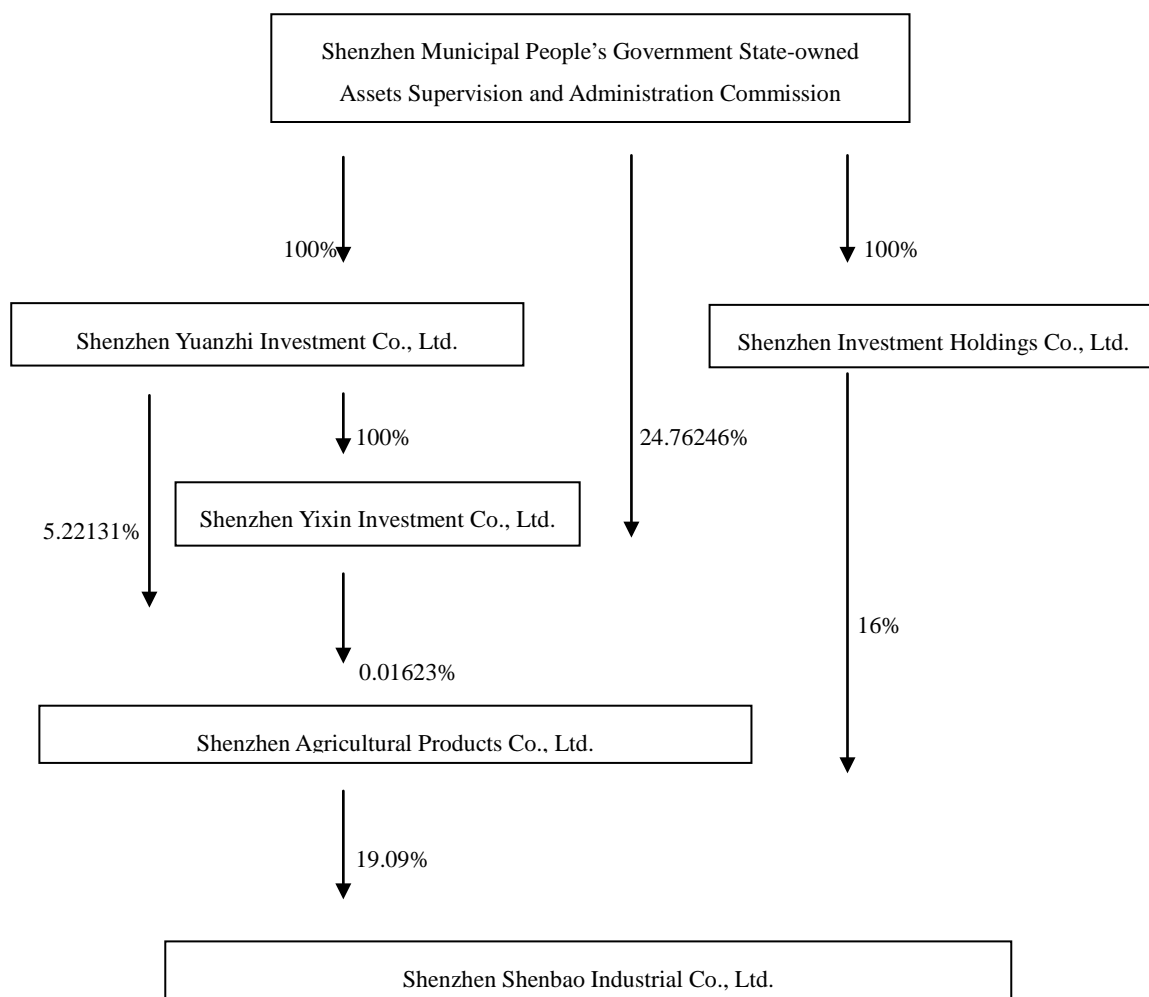
domestic/foreign listed company controlled by actual controller in reporting period	
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Changes of actual controller in reporting period

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	Xiong Peijin	2004-10-13	21,450,000,000	Shenzhen municipal state-owned enterprises to provide guarantees; equity management

				<p>except that held by Shenzhen SASAC supervision directly; assets reorganization, restructuring and capital operation to owned enterprise; investment; other business Shenzhen SASAC authorized.</p>
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Section VII. Particulars about Directors, Supervisors and 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	Chairman, Party Secretary	Currently in office	M	54	2015-9-10	2018-9-10	0	40,000	0	0	40,000
Li Jinhua	Director	Currently in office	F	51	2015-9-10	2018-9-10	0	0	0	0	0
Liu Zhengyu	Director	Currently in office	M	46	2015-9-10	2018-9-10	0	0	0	0	0
Huang Yu	Director	Currently in office	M	42	2015-9-10	2018-9-10	0	0	0	0	0
Fan Zhiqing	Independent director	Currently in office	M	67	2015-9-10	2018-9-10	0	0	0	0	0
Wu Shuping	Independent director	Currently in office	M	63	2015-9-10	2018-9-10	0	0	0	0	0
Chen Cansong	Independent director	Currently in office	M	44	2015-9-10	2018-9-10	0	0	0	0	0
Yan Zesong	Director, general manager	Currently in office	M	46	2015-9-10	2018-9-10	0	43,100	0	0	43,100
Li	Deputy GM,	Current	F	50	2015-9-10	2018-9-10	0	25,000	0	0	25,000

Yiyan	Secretary of the Board	ly in office									
Lin Hong	Chairman of board of supervisors	Currently in office	F	51	2015-9-10	2018-9-10	0	25,000	0	0	25,000
Li Xinjian	Supervisor	Currently in office	M	44	2015-9-10	2018-9-10	0	0	0	0	0
Luo Longxin	Supervisor	Currently in office	M	55	2015-9-10	2018-9-10	0	0	0	0	0
Li Fang	Deputy general manager	Currently in office	F	42	2015-9-10	2018-9-10	0	24,100	0	0	24,100
Qian Xiaojun	Deputy general manager	Currently in office	M	44	2015-9-10	2018-9-10	0	0	0	0	0
Yao Xiaoping	Deputy general manager	Currently in office	M	48	2015-9-10	2018-9-10	0	26,900	0	0	26,900
Wang Zhiping	CFO	Currently in office	F	45	2015-9-10	2018-9-10	0	17,000	0	0	17,000
Dou Qiang	Director	Leave the office	M	44	2012-10-12	2015-9-10	0	0	0	0	0
Lin Yanfen	Director	Leave the office	M	44	2012-10-12	2015-9-10	0	0	0	0	0
Xu Zhuangcheng	Independent director	Leave the office	M	44	2012-10-12	2015-9-10	0	0	0	0	0
Huang Qin	Supervisor	Leave the office	F	53	2012-10-12	2015-9-10	0	0	0	0	0
Total	--	--	--	--	--	--	0	201,100	0	0	201,100

II. Changes of directors, supervisors and senior executives

Name	Title	Type	Date	Reasons
Dou Qiang	Director	leave the post when office terms expires	2015-9-10	leave the post when office terms expires
Lin Yanfeng	Director	leave the post when office terms expires	2015-9-10	leave the post when office terms expires
Xu Zhuangcheng	Independent Director	leave the post when office terms expires	2015-9-10	leave the post when office terms expires
Huang Qing	Supervisor	leave the post when office terms expires	2015-9-10	leave the post when office terms expires

III. Post-holding

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

(I) Directors

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., GM assistant 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 session of the Board 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 GM of H&R department of Shenzhen Agricultural Products Co., Ltd. and director of the 8th session of the Board 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, chief director, investigation department, Shenzhen People's government state-owned assets supervision and administration commission. Currently as the chief accountant of Shenzhen Investment Holding co., LTD.; director of Shenzhen urban construction group; supervisor, China Nanshan development group; director, the 9th board of director of the Company.

Mr. Huang Yu, was born in 1974, a MBA, senior accountant and Chinese CPA. He has served successively as auditor of Shenzhen Shekou Xinde CPA; Manager of audit department and assistant director of Shenzhen HengDaXin CPA; deputy director of audit department of Shenzhen Commerce & Trade Investment Holding Co., Ltd.; principal staff member of social affair division and 2nd division of enterprise of Shenzhen Municipal People's Government State-owned Assets Supervision & Administration Commission. Deputy minister and minister of financial budget department of Shenzhen Investment Holding Co., Ltd. Now he serves as office director of financial budget department of Shenzhen Investment Holding Co., Ltd., and serves as Director of 9th Session of the Board 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 Shenzhen Kingsignal Technology Co., Ltd.; Independent director of 5th and 6th session of the Board of the Company. Now he serves as Independent Director of Shenzhen Shahe Industrial Co., Ltd. and he serves as Independent Director of 9th session of the Board 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. Now he serves as GM of Shanghai Baiyan Enterprise Management Consultant Co., Ltd, and Independent Director of Chengdu Hi-Tech Investment Group. He serves as Independent Director of 9th session of the Board 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, Guangdong Xincheng Law firm; lawyer, Guangdong Ruite Law firm; currently lawyer, partner, Guangdong Dena Law Firm; director, the ninth session of the board of directors.

Mr. Yan Zesong, was born in 1970, a university background, member of the 3rd CPPCC of Shangrao City, Jiangxi Province. He served as Director and GM of Shenzhen Shenbao Huacheng Food Co., Ltd., President of Shenbao Huacheng, supervisor of 6th Session of Supervisory Committee of the Company and Director and GM of 7th session of the Board of the Company. He now serves as Director and GM of 9th session of the Board of the Company

Ms. Li Yiyan, was born in 1966, Master Degree, Senior Human Resources Manager. She successively served as the Head, Deputy Minister and Minister of H&R Department of the Company and supervisors of the 5th and 6th supervisory committee. Now she serves as the Deputy GM, Secretary of the Board of the Company and chairman of the Shenshenbao Investment.

(II) Supervisors

Ms. Lin Hong, was born in 1965, senior accountant with master degree. She once was the accountant charger 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 session of supervisory committee of the Company. Now she serves as chairman of 9th session of supervisory committee of the Company.

Mr. Li Xinjian: born in 1972, bachelor's degree. Former account, Deputy Minister, Accountants Finance Department; Minister of Department of Business Management, Shenzhen Urban Construction Development (Group) Company; Minister, Examination and Distribution unit, Shenzhen Investment Holding Co., Ltd. currently as 3rd business minister of Shenzhen Investment Holding Co., Ltd.; director of China Resources Ng Fung meat products (Shenzhen) Co., Ltd.; director of Shenzhen World (Group) Company Limited; director of Guoxin Securities Company Limited; supervisor of Ninth Board of Supervisors.

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 now he is CTO, person in charge of R&D center, supervisor of 9th session of supervisory committee and chairman of Technology Center Company.

(III) Senior Executives

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 is the deputy general manager of the Company and chairman of the Shenbao Property.

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 Huzhou Shenbao Technology.

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 and chairman of Puer Tea Trading Center.

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	GM of human resources department			Y
Liu Zhengyu	Shenzhen Investment Holding Co., Ltd	General account			Y
Huang Yu	Shenzhen Investment Holding Co., Ltd	Office director			Y
Li Xinjian	Shenzhen Investment Holding Co., Ltd	Minister, 3 rd business department			Y

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	Shenzhen City Construction Group	Director			N
	China Nanshan Development Group	Supervisor			N
Fan Zhiqing	Shenzhen Shahe Industrial Co., Ltd	Independent director			Y
Wu Shuping	Shanghai Baiyan Enterprise Management Consultant Co., Ltd	GM			Y
Chen Cansong	Guangdong Dena CPA	Lawyer, partner			Y
Li Xinjian	China Resources Ng Fung meat products (Shenzhen) Co., Ltd.	Director			N
	Shenzhen Tiandi (Group) Co., Ltd.	Director			N
	Guoxin Securities Co., Ltd.	Director			N

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

IX. 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

By the end of the reporting period, the total amount of annual pre-tax pay of the current directors, supervisors and senior manager is RMB 4.3082 million. During the period, the outgoing directors, supervisors and senior executives obtained 287,000 Yuan remuneration before tax from the Company during office term, 4,595,200 Yuan in total.

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	Chairman, director of party	M	54	Currently in office	59.5	N
Li Jinhua	Director	F	51	Currently in office	0	Y
Liu Zhengyu	Director	M	46	Currently in office	0	Y
Huang Yu	Director	M	42	Currently in office	0	Y
Fan Zhiqing	Independent director	M	67	Currently in office	10	N
Wu Shuping	Independent director	M	63	Currently in office	10	N
Chen Cansong	Independent director	M	44	Currently in office	2.5	N
Yan Zesong	Director, General Manager	M	46	Currently in office	59	N
Li Yiyan	Director, deputy general manager, secretary to board of directors	F	50	Currently in office	47.5	N
Lin Hong	Chairman of board of supervisor	F	51	Currently in office	44	N
Li Xinjian	Supervisor	M	44	Currently in office	0	Y
Luo Longxin	Supervisor	M	55	Currently in office	38	N
Li Fang	deputy general manager	F	42	Currently in office	41	N
Qian Xiaojun	deputy general manager	M	44	Currently in office	43.2	N

Yao Xiaopeng	deputy general manager	M	48	Currently in office	41.42	N
Wang Zhiping	Financial director	F	45	Currently in office	34.7	N
Dou Qiang	Director	M	44	Leave the office	0	N
Lin Yanfeng	Director	M	44	Leave the office	0	N
Xu Zhuangcheng	Independent director	M	44	Leave the office	7.5	N
Huang Qin	Supervisor	F	53	Leave the office	21.2	N
Total	--	--	--	--	459.52	--

V. Particulars of workforce

1. Number of Employees, Professional composition, Education background

Employee in-post of the parent Company(people)	61
Employee in-post of main Subsidiaries (people)	783
The total number of current employees(people)	844
The total number of current employees to receive pay (people)	844
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	339
Salesperson	158
Technicians	100
Financial personnel	53
Administrative personnel	194
Total	844
Education background	
Education	Numbers (people)
Postgraduate or above	27
Undergraduate	169
3-years regular college graduate	174
Polytechnic school graduate	71
Senior middle school graduate or below	403
Total	844

2. Employee Compensation 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. Thus, the Company plans to establish a learning organization covering all the staff gradually with effective implementation of the training credit system, At the same time keeping up with the trend of the Internet, to build "Trinity" of community - online – offline: a new learning platform, fully integrated mobile terminal, leveraging employees personal interests and fragmented time, change passive learning to active learning to achieve optimal results. At the same time the Company has initially selected several internal trainers with the optimum digital capability, later senior staff will join in the core curriculum, helping to maximize staff to acquire knowledge, skills and attitudes required for their jobs, while further improving self-quality, and enhance the ability of its own. For 2016, 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 2016, 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 VIII. 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) Corporate mechanism revised in the Period as:

Serial	Name	Index of disclosure
1	Remuneration and Appraisal Committee Regulations (January 2015)	Disclosed on Juchao website on 24 Jan 2015 (www.cninfo.com.cn)
2	Nomination Committee Regulations (January 2015)	Disclosed on Juchao website on 24 Jan 2015 (www.cninfo.com.cn)
3	Board Strategy Committee Regulations (January 2015)	Disclosed on Juchao website on 24 Jan 2015 (www.cninfo.com.cn)
4	Annual Reports of the Board Audit Committee (January 2015)	Disclosed on Juchao website on 24 Jan 2015 (www.cninfo.com.cn)
5	Audit Committee Regulations (January 2015)	Disclosed on Juchao website on 24 Jan 2015 (www.cninfo.com.cn)
6	management system of change in shares held by Directors, supervisors and senior management (January 2015)	Disclosed on Juchao website on 24 Jan 2015 (www.cninfo.com.cn)
7	Annual Report of Independent Directors System (January 2015)	Disclosed on Juchao website on 24 Jan 2015 (www.cninfo.com.cn)
8	Investor Relations Management System (January 2015)	Disclosed on Juchao website on 24 Jan 2015 (www.cninfo.com.cn)
9	General Manager Work Regulations (January 2015)	Disclosed on Juchao website on 24 Jan 2015 (www.cninfo.com.cn)
10	Foreign Investment Regulations (January 2015)	Disclosed on Juchao website on 24 Jan 2015 (www.cninfo.com.cn)
11	Related transaction management system (January 2015)	Disclosed on Juchao website on 24 Jan 2015 (www.cninfo.com.cn)
12	Information Disclosure Management System (January 2015)	Disclosed on Juchao website on 24 Jan 2015 (www.cninfo.com.cn)
13	Funds-raised management approach (May 2015)	Disclosed on Juchao website on 13 May 2015 (www.cninfo.com.cn)

The Company received no relevant documents with administrative regulation concerned from supervision department in reporting period, and has no particular about rectification within a time limit. From point of the Board, corporate governance of the Company shows no difference to requirement from relevant documents with actual condition.

Is there any difference between actual situation and the requirements of the Company Law and relevant regulations from CSRC

Yes No

There is no difference between actual situation and the requirements of the Company Law and relevant regulations of the 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

IX. 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 2014	Annual General Meeting	0.07%	2015-5-12	2015-5-13	Disclosed at www.cninfo.com.cn on No. 2015-22 " resolutions Announcement to 2014 Annual General Shareholders' meeting of Shenzhen Shenbao Industrial Co., Ltd. " on May 13, 2015
First extraordinary general meeting of 2015	Extraordinary general meeting	0.00%	2015-9-10	2015-9-11	Disclosed at www.cninfo.com.cn on No. 2015-36 " resolutions Announcement to 2015 Annual General Shareholders' meeting of Shenzhen Shenbao Industrial Co., Ltd. " on Sep 11, 2015
Second extraordinary general meeting of 2015	Extraordinary general meeting	0.03%	2015-12-9-	2015-12-10	Disclosed at www.cninfo.com.cn on No. 2015-46 " resolutions Announcement to 2015 2 nd Annual General Shareholders' meeting of Shenzhen Shenbao Industrial Co., Ltd. " on Dec 10, 2015

V. Responsibility performance of independent directors in report period

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

The attending of independent directors						
Name of 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	8	6	2	0	0	N
Wu Shuping	8	4	4	0	0	N
Chen Cansong	3	3	0	0	0	N
Xu Zhuangcheng	5	5	0	0	0	N
Times attending shareholders' general meeting from independent directors						1

2. Objection for relevant events from independent directors

Whether independent directors come up with objection about company's relevant matters or not

Yes No

Independent directors have no objections for relevant events in reporting period.

3. Other explanation about responsibility performance of independent directors

Whether the opinions from independent directors have been adopted or not

Yes No

The Explanation of the Advice adopted or not accepted by Independent Director

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., participate actively in independent directors training organized by board of supervisors to improve the performance of their duties according to the law of consciousness; in time published independent and impartial advice for investment outside, related party transactions, hiring auditors and other matters occurred during the reporting period. 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 "2015 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 of directors held two meetings which has considered and approved the "Motion on proposing to invest in the establishment of Yunnan Yuncha Micro-Credit Company", seriously discussed and analyzed the company's strategic development, raised the professional opinions and suggestions, and played an important role in improving the benefits and quality of decision-making.

2. Performance of Duties by the Auditing Committee

In the reporting period, totally four meetings are held by auditing committee for annual report of the Company, Annual Report 2014, semi-annual report 2015, 1st quarterly report and 3rd quarterly report 2015 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 2014 annual performance factor according to the regulation of performance management measures for the headquarters, and inspected the 2014 annual salary for the Company's directors, supervisors and senior managers, at the same time, made confirmation for the operating performance indicators in 2015.

4. Nomination Committee performance

During the reporting period, the Nomination Committee held two meetings. due to the expiration of the Eighth Session of the Board of Directors, according to "Company Law", "Articles" and

"Regulations on the Board of Directors Nomination Committee", Nomination Committee actively promote the candidates work in ninth Board of directors where reviewed the candidate's profession, education, job title, detailed work experience, part-time job. Mr. Zheng Yuxi, Ms. Li Jinhua, Mr. Zheng-Yu Liu, Huang Yu Mr., Mr. Fan Zhiqing, Mr. Wu Shuping, Mr. Chen Cansong, Mr. Yan Zesong, Ms. Li Yi were nominated as of candidate directors of ninth Board of directors.

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	2016-4-26	
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	94.36%	
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	92.35%	
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	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:

	<p>significant deficiencies in internal control over financial reporting if following circumstances:</p> <p>(1)The directors, supervisors and senior management fraud;</p> <p>(2) Enterprise corrected mistake which has been published in financial statements;</p> <p>(3) CPA found material misstatement in current financial statements, but internal control during operation failed to find the misstatements;</p> <p>(4) Oversight of internal control by Corporate Audit Committee and the internal audit is invalid;</p> <p>(5) Particularly important or significant deficiencies found during internal control has not been rectified;</p> <p>(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.</p> <p>General Defects: other internal defects do not pose a significant or important defect control deficiencies.</p>	<p>(1)The lack of democratic decision-making 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;</p> <p>(2)Decision-making process is not scientific, such as major policy mistakes, resulting in significant property damage to the company;</p> <p>(3) Serious violations of national laws and regulations;</p> <p>(4) Loss of key executives or loss of a large number of key talent;</p> <p>(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:</p> <p>General Defects: reported wrongly <0.5% of total capital or reported wrongly<0.5% of operating income;</p> <p>Important flaw: 0.5% of total assets ≤ reported wrongly <1% of total assets or 0.5% of operating income≤ misstatements <1% of revenue;</p> <p>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:</p> <p>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;</p> <p>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;</p> <p>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>

Amount of significant defects in financial reports	0
Amount of significant defects in non-financial reports	0
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 2015.	
Disclosure details of audit report of internal control	Disclosed
Disclosure date of audit report of internal control (full-text)	2016-4-26
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 IX. Financial Report

I. Audit report

Type of audit opinion	Standard unqualified opinion
Signing date of audit report	2016-4-22
Name of audit institute	Dahua Certified Public Accountants (LLP)
Document serial of audit report	Dahua Shen Zi [2016]005440
Name of the CPA	Chen Baohua, Gong Chenyan

Auditor's Report

Dahua ShenZi No.[2016]005440

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

We have audited the companying consolidated and parent Company's financial statements of Shenzhen Shenbao Industrial Co., Ltd ("the Company"), including balance sheet of 31 December 2015 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, 2015, and its operation results of the parent company and consolidate statement and cash flows for the year ended.

Dahua Certified Public Accountants (LLP)

Beijing · China

Chinese CPA:
: Chen Baohua

Chinese CPA:
: Gong Chenyan

22 April 2016

II. Financial Statement

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

1. Consolidated Balance Sheet

Prepared by Shenzhen Shenbao Industrial Co., Ltd

31 Dec 2015

In RMB

Items	Balance at period-end	Balance at period-begin
Current assets:		
Monetary funds	148,013,887.15	267,347,778.44
Financial liability measured by fair value and with variation reckoned into current gains/losses	3,586,352.90	1,777,695.79
Notes receivable	38,922.90	
Accounts receivable	75,948,016.12	103,147,982.43
Accounts paid in advance	18,601,600.34	7,779,877.27
Interest receivable		
Dividend receivable		
Other receivables	22,019,771.94	24,689,122.83
Inventories	175,822,373.53	130,041,684.50
Divided into assets held for sale		
Non-current asset due within one year		
Other current assets	2,012,976.56	3,911,623.17
Total current assets	446,043,901.44	538,695,764.43
Non-current assets:		
Financial assets available for sale	57,500.00	57,500.00
Hold-to-maturity investment		
Long-term account receivable		
Long-term equity investment	7,034,953.91	1,042,686.34
Investment real estate	18,809,193.68	
Fixed assets	358,418,473.54	397,461,013.05
Construction in process	6,790,574.90	4,040,726.71
Engineering material		
Disposal of fixed asset		
Productive biological assets	436,156.00	436,156.00
Intangible assets	193,057,370.27	196,961,086.80
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned	15,993,354.47	12,961,711.79

深圳市深宝实业股份有限公司
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财务报表附注

Deferred income tax asset	4,436,279.25	2,955,622.47
Other non-current asset	9,381,000.00	
Total non-current asset	614,414,856.02	615,916,503.16
Total assets	1,060,458,757.46	1,154,612,267.59
Current liabilities:		
Short-term loans		40,000,000.00
Notes payable		
Accounts payable	24,821,587.58	17,679,451.23
Accounts received in advance	3,714,591.93	3,162,385.52
Wage payable	12,357,984.32	7,837,260.80
Taxes payable	21,308,373.62	24,901,069.25
Interest payable		
Dividend payable	2,909,182.74	2,909,182.74
Other accounts payable	23,637,606.15	48,845,820.69
Divided into liability held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	88,749,326.34	145,335,170.23
Non-current liabilities:		
Long-term loans		
Long-term account payable		
Long-term wages payable		
Special accounts payable		
Projected liabilities		
Deferred income	12,932,278.81	14,376,120.78
Deferred income tax liabilities	1,639,143.22	1,262,646.50
Other non-current liabilities		
Total non-current liabilities	14,571,422.03	15,638,767.28
Total liabilities	103,320,748.37	160,973,937.51
Shareholders' equity:		
Share capital	301,080,184.00	301,080,184.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital public reserve	518,186,660.59	518,186,429.67

深圳市深宝实业股份有限公司
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财务报表附注

Less: Inventory shares		
Other comprehensive income		
Reasonable reserve		
Surplus public reserve	49,670,863.23	49,483,448.58
Provision of general risk		
Retained profit	66,684,572.93	102,128,156.68
Total shareholders' equity attributable to parent Company	935,622,280.75	970,878,218.93
Minority interests	21,515,728.34	22,760,111.15
Total shareholders' equity	957,138,009.09	993,638,330.08
Total liabilities and shareholders' equity	1,060,458,757.46	1,154,612,267.59

Legal person: Mr. Zheng Yuxi

Person in Charge of Accounting Works: Ms. Wang Zhiping

Person in Charge of Accounting Institution: Mr. Xu Qiming

2. Balance sheet of parent company

Prepared by Shenzhen Shenbao Industrial Co., Ltd

31 Dec 2015

In RMB

Items	Balance at period-end	Balance at period-begin
Current assets:		
Monetary funds	116,074,656.42	150,507,919.56
Financial liability measured by fair value and with variation reckoned into current gains/losses	3,586,352.90	1,777,695.79
Notes receivable		
Accounts receivable	32,750,583.18	66,943,467.46
Accounts paid in advance	6,476,875.00	
Interest receivable		
Dividend receivable		
Other receivables	222,807,412.34	226,739,055.48
Inventories	40,232,342.98	6,787,542.82
Divided into assets held for sale		
Non-current asset due within one year		
Other current assets	267,230.32	
Total current assets	422,195,453.14	452,755,681.11
Non-current assets:		
Financial assets available for sale		

深圳市深宝实业股份有限公司
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财务报表附注

Hold-to-maturity investment		
Long-term account receivable		
Long-term equity investment	892,812,451.85	879,110,475.04
Investment real estate	40,167,700.24	22,185,674.71
Fixed assets	34,546,366.05	54,632,801.84
Construction in process		
Engineering material		
Disposal of fixed asset		
Productive biological assets	436,156.00	436,156.00
Intangible assets	7,692,860.86	7,849,895.35
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned	1,060,072.56	904,608.11
Deferred income tax asset	3,005,903.22	1,595,828.95
Other non-current asset		
Total non-current asset	979,721,510.78	966,715,440.00
Total assets	1,401,916,963.92	1,419,471,121.11
Current liabilities:		
Short-term loans		40,000,000.00
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Notes payable		
Accounts payable	50,179,887.87	31,618,075.33
Accounts received in advance	377,054.09	537,767.09
Wage payable	6,073,389.24	2,963,536.35
Taxes payable	19,194,680.96	23,882,099.83
Interest payable		
Dividend payable	2,909,182.74	2,909,182.74
Other accounts payable	200,789,188.11	197,493,420.54
Divided into liability held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	279,523,383.01	299,404,081.88
Non-current liabilities:		

深圳市深宝实业股份有限公司
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财务报表附注

Long-term loans		
Long-term account payable		
Long-term wages payable		
Special accounts payable		
Projected liabilities		
Deferred income	49,920.00	49,920.00
Deferred income tax liabilities	452,164.28	
Other non-current liabilities		
Total non-current liabilities	502,084.28	49,920.00
Total liabilities	280,025,467.29	299,454,001.88
Shareholders' equity:		
Share capital	301,080,184.00	301,080,184.00
Capital public reserve	532,984,495.26	532,984,264.34
Less: Inventory shares		
Other comprehensive income		
Surplus public reserve	49,670,863.23	49,483,448.58
Retained profit	238,155,954.14	236,469,222.31
Total shareholders' equity	1,121,891,496.63	1,120,017,119.23
Total liabilities and shareholders' equity	1,401,916,963.92	1,419,471,121.11

Legal person: Mr. Zheng Yuxi

Person in Charge of Accounting Works: Ms. Wang Zhiping

Person in Charge of Accounting Institution: Mr. Xu Qiming

3. Profit statement

Prepared by Shenzhen Shenbao Industrial Co., Ltd

In 2015

In RMB

Items	Amount in this period	Amount in last period
I. Total operating income	338,224,512.31	368,121,399.84
Including: Operating income	338,224,512.31	368,121,399.84
II. Total operating cost	388,803,094.50	360,221,345.99
Including: Operating cost	247,443,735.69	229,059,281.30
Operating tax and extras	10,810,030.41	21,085,230.52
Sales expenses	46,050,246.67	34,669,374.33
Administration expenses	80,515,335.69	75,664,108.61
Financial expenses	-1,951,620.60	-1,033,252.39
Losses of devaluation of asset	5,935,366.64	776,603.62
Add: Changing income of fair value	1,808,657.11	642,447.39

深圳市深宝实业股份有限公司
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财务报表附注

(Loss is listed with “-”)		
Investment income (Loss is listed with “-”)	535,500.67	2,875,742.20
Including: Investment income on affiliated Company and joint venture	-1,551,979.03	22,686.34
Exchange income (Loss is listed with “-”)		
III. Operating profit (Loss is listed with “-”)	-48,234,424.41	11,418,243.44
Add: Non-operating income	7,894,927.66	6,728,246.14
Including: Disposal gains of non-current asset		1,000.00
Less: Non-operating expense	85,552.86	92,423.53
Including: Disposal loss of non-current asset	37,081.52	92,423.53
IV. Total Profit (Loss is listed with “-”)	-40,425,049.61	18,054,066.05
Less: Income tax	2,535,502.30	3,927,874.68
V. Net profit (Loss is listed with “-”)	-42,960,551.91	14,126,191.37
Net profit attributable to owner’s equity of parent Company	-35,256,169.10	13,323,820.43
Minority shareholders’ gains and losses	-7,704,382.81	802,370.94
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		
(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		

Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total consolidated income	-42,960,551.91	14,126,191.37
Total consolidated income attributable to shareholders of parent Company	-35,256,169.10	13,323,820.43
Total consolidated income attributable to minority shareholders	-7,704,382.81	802,370.94
VIII. Earnings per share:		
(I) Basic earnings per share	-0.1171	0.0443
(II) Diluted earnings per share	-0.1171	0.0443

Legal person: Mr. Zheng Yuxi

Person in Charge of Accounting Works: Ms. Wang Zhiping

Person in Charge of Accounting Institution: Mr. Xu Qiming

4. Profit statement of parent company

Prepared by Shenzhen Shenbao Industrial Co., Ltd

In 2015

In RMB

Item	Amount in this period	Amount in last period
I. Operation income	162,825,129.46	187,163,882.45
Less: Operation cost	114,794,632.02	90,592,440.59
Operating tax and extras	9,288,136.44	20,064,449.40
Sales expenses	5,117,885.61	4,454,898.63
Administration expenses	31,611,579.25	28,787,044.84
Financial expenses	-774,003.34	1,004,478.00
Losses of devaluation of asset	5,657,407.31	136,460.22
Add: Changing income of fair value (Loss is listed with “-”)	1,808,657.11	642,447.39
Investment income (Loss is listed with “-”)	789,456.51	4,452,349.39
Including: Investment income on affiliated Company and joint venture	-1,298,023.19	
II. Operating profit (Loss is listed with “-”)	-272,394.21	47,218,907.55
Add: Non-operating income	4,465,085.69	1,229,700.00
Including: Disposal gains of non-current asset		
Less: Non-operating expense	7,053.55	36,096.51

Including: Disposal loss of non-current asset	6,650.00	36,096.51
III. Total Profit (Loss is listed with “-”)	4,185,637.93	48,412,511.04
Less: Income tax	2,311,491.45	3,589,498.51
IV. Net profit (Loss is listed with “-”)	1,874,146.48	44,823,012.53
V. Net after-tax of other comprehensive income		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1. 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		
VI. Total consolidated income	1,874,146.48	44,823,012.53
VII. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

Legal person: Mr. Zheng Yuxi

Person in Charge of Accounting Works: Ms. Wang Zhiping

Person in Charge of Accounting Institution: Mr. Xu Qiming

5. Consolidated cash flow statement

Prepared by Shenzhen Shenbao Industrial Co., Ltd

In 2015

In RMB

Item	Amount in this period	Amount in last period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	414,424,898.08	388,618,847.59
Write-back of tax received	1,165,924.42	428,432.77
Other cash received concerning operating activities	15,838,610.41	19,818,543.85

深圳市深宝实业股份有限公司
2015 年度
财务报表附注

Subtotal of cash inflow arising from operating activities	431,429,432.91	408,865,824.21
Cash paid for purchasing commodities and receiving labor service	305,049,300.64	240,406,486.13
Cash paid to/for staff and workers	68,761,736.29	64,518,390.83
Taxes paid	33,720,659.00	28,895,800.03
Other cash paid concerning operating activities	69,860,826.07	49,602,034.77
Subtotal of cash outflow arising from operating activities	477,392,522.00	383,422,711.76
Net cash flows arising from operating activities	-45,963,089.09	25,443,112.45
II. Cash flows arising from investing activities:		
Cash received from recovering investment	223,000,000.00	
Cash received from investment income	2,093,233.10	
Net cash received from disposal of fixed, intangible and other long-term assets	7,000.00	64,706.96
Net cash received from disposal of subsidiaries and other units		18,039,785.00
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities	225,100,233.10	18,104,491.96
Cash paid for purchasing fixed, intangible and other long-term assets	34,267,963.43	54,063,452.97
Cash paid for investment	230,550,000.00	1,020,000.00
Net cash received from subsidiaries and other units		4,617,194.45
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	264,817,963.43	59,700,647.42
Net cash flows arising from investing activities	-39,717,730.33	-41,596,155.46
III. Cash flows arising from financing activities:		
Cash received from absorbing	6,460,000.00	2,625,000.00

investment		
Including: Cash received from absorbing minority shareholders' investment by subsidiaries	6,460,000.00	2,625,000.00
Cash received from loans		90,000,000.00
Other cash received concerning financing activities	230.92	3,988.15
Subtotal of cash inflow from financing activities	6,460,230.92	92,628,988.15
Cash paid for settling debts	40,000,000.00	50,000,000.00
Cash paid for dividend and profit distributing or interest paying	159,000.00	3,179,206.34
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	40,159,000.00	53,179,206.34
Net cash flows arising from financing activities	-33,698,769.08	39,449,781.81
IV. Influence on cash due to fluctuation in exchange rate	45,697.21	98,766.73
V. Net increase of cash and cash equivalents	-119,333,891.29	23,395,505.53
Add: Balance of cash and cash equivalents at the period -begin	266,847,778.44	243,452,272.91
VI. Balance of cash and cash equivalents at the period -end	147,513,887.15	266,847,778.44

Legal person: Mr. Zheng Yuxi

Person in Charge of Accounting Works: Ms. Wang Zhiping

Person in Charge of Accounting Institution: Mr. Xu Qiming

6. Cash flow statement of parent company

Prepared by Shenzhen Shenbao Industrial Co., Ltd

In 2015

In RMB

Item	Amount in this period	Amount in last period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	215,407,817.33	160,601,744.35

深圳市深宝实业股份有限公司
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财务报表附注

Write-back of tax received	294,629.58	
Other cash received concerning operating activities	40,493,400.09	113,502,477.47
Subtotal of cash inflow arising from operating activities	256,195,847.00	274,104,221.82
Cash paid for purchasing commodities and receiving labor service	168,435,330.20	89,134,076.69
Cash paid to/for staff and workers	13,710,719.90	21,378,127.31
Taxes paid	18,018,998.90	15,534,012.75
Other cash paid concerning operating activities	35,704,152.32	108,473,603.14
Subtotal of cash outflow arising from operating activities	235,869,201.32	234,519,819.89
Net cash flows arising from operating activities	20,326,645.68	39,584,401.93
II. Cash flows arising from investing activities:		
Cash received from recovering investment	220,000,000.00	34,450,000.00
Cash received from investment income	2,087,479.70	
Net cash received from disposal of fixed, intangible and other long-term assets		49,706.96
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities	222,087,479.70	34,499,706.96
Cash paid for purchasing fixed, intangible and other long-term assets	1,695,956.00	2,708,942.51
Cash paid for investment	235,000,000.00	50,000,000.00
Net cash received from subsidiaries and other units		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	236,695,956.00	52,708,942.51
Net cash flows arising from investing activities	-14,608,476.30	-18,209,235.55

深圳市深宝实业股份有限公司
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财务报表附注

III. Cash flows arising from financing activities:		
Cash received from absorbing investment		
Cash received from loans		60,000,000.00
Other cash received concerning financing activities	230.92	3,988.15
Subtotal of cash inflow from financing activities	230.92	60,003,988.15
Cash paid for settling debts	40,000,000.00	20,000,000.00
Cash paid for dividend and profit distributing or interest paying	159,000.00	2,453,956.34
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	40,159,000.00	22,453,956.34
Net cash flows arising from financing activities	-40,158,769.08	37,550,031.81
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	7,336.56	281.57
V. Net increase of cash and cash equivalents	-34,433,263.14	58,925,479.76
Add: Balance of cash and cash equivalents at the begin of year	150,507,919.56	91,582,439.80
VI. Balance of cash and cash equivalents at the end of period	116,074,656.42	150,507,919.56

Legal person: Mr. Zheng Yuxi

Person in Charge of Accounting Works: Ms. Wang Zhiping

Person in Charge of Accounting Institution: Mr. Xu Qiming

7. Consolidated Statement of Changes of Owners' Equity

Prepared by Shenzhen Shenbao Industrial Co., Ltd

In 2015

In RMB

Item	Amount in the period												
	Owners' equity attributable to parent company											Minority interests	Total shareholders' 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

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III. Increase/ Decrease in this year (Loss is listed with “-”)					230.92					187,414.65	0.00	-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) Shareholders’ 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														

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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 shareholders													
4. Other													
(IV) Carrying forward internal shareholders' equity					230.92								230.92
1. Capital reserves converted to share capital (or share capital)													
2. Surplus reserves converted to													

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share capital (or 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

Legal person: Mr. Zheng Yuxi

Person in Charge of Accounting Works: Ms. Wang Zhiping

Person in Charge of Accounting Institution: Mr. Xu Qiming

In RMB

Item	Amount in last period												Minority interests	Total shareholders' equity
	Owners' equity attributable to parent company													
	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	Other											

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			securities										
I. Balance at the end of the last year	250,900,154.00				568,362,471.52		2,966,659.20		45,001,147.33		93,286,637.50	51,167,623.63	1,011,684,693.18
Add: Changes of accounting policy													
Error correction of the last period													
Enterprise combine under the same control													
Other													
II. Balance at the beginning of this year	250,900,154.00				568,362,471.52		2,966,659.20		45,001,147.33		93,286,637.50	51,167,623.63	1,011,684,693.18
III. Increase/Decrease in this year (Loss is listed with “-”)	50,180,030.00				-50,176,041.85		-2,966,659.20		4,482,301.25	0.00	8,841,519.18	-28,407,512.48	-18,046,363.10
(i) Total comprehensive income							-2,966,659.20				13,323,820.43	802,370.94	11,159,532.17
(ii) Shareholders’												-29,209,883.42	-29,209,883.42

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devoted and decreased capital														
1. Common shares invested by shareholders												2,625,000.00	2,625,000.00	
2. Capital invested by holders of other equity instruments														
3. Amount reckoned into owners equity with share-based payment														
4. Other												-31,834,883.42	-31,834,883.42	
(III) Profit distribution									4,482,301.25	-4,482,301.25				
1. Withdrawal of surplus reserves									4,482,301.25	-4,482,301.25				
2. Withdrawal of general risk provisions														
3. Distribution for shareholders														
4. Other														
(IV) Carrying forward internal	50,180,030.00				-50,176,041.85								3,988.15	

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shareholders' equity													
1. Capital reserves converted to share capital (or share capital)	50,180,030.00				-50,180,030.00								
2. Surplus reserves converted to share capital (or share capital)													
3. Remedying loss with surplus reserve													
4. Other					3,988.15								3,988.15
(V) Reasonable reserve													
1. Withdrawal in the report period													
2. Usage in the report period													
(VI) Others													
IV. Balance at the end of the report period	301,080,184.00				518,186,429.67				49,483,448.58		102,128,156.68	22,760,111.15	993,638,330.08

Legal person: Mr. Zheng Yuxi

Person in Charge of Accounting Works: Ms. Wang Zhiping

Person in Charge of Accounting Institution: Mr. Xu Qiming

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

Prepared by Shenzhen Shenbao Industrial Co., Ltd

In 2015

In RMB

Item	Amount in this period										
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Capital reserve	Total shareholders' equity
		Preferred stock	Perpetual capital securities	Other							
I. Balance at the end of the last year	301,080,184.00				532,984,264.34				49,483,448.58	236,469,222.31	1,120,017,119.23
Add: Changes of accounting policy											
Error correction of the last period											
Other											
II. Balance at the beginning of this year	301,080,184.00				532,984,264.34				49,483,448.58	236,469,222.31	1,120,017,119.23
III. Increase/ Decrease in this year (Loss is listed with "-")					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) Shareholders' devoted and decreased capital											
1.Common shares invested											

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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 reserves									187,414.65	-187,414.65		
2. Distribution for shareholders												
3. Other												
(IV) Carrying forward internal shareholders' equity						230.92						230.92
1. Capital reserves converted to share capital (or share capital)												
2. Surplus reserves converted to share capital (or share capital)												
3. Remedying loss with surplus reserve												
4. Other						230.92						230.92
(V) Reasonable reserve												

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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 person: Mr. Zheng Yuxi

Person in Charge of Accounting Works: Ms. Wang Zhiping

Person in Charge of Accounting Institution: Mr. Xu Qiming

In RMB

Item	Amount in last period										
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Capital reserve	Total shareholders' equity
		Preferred stock	Perpetual capital securities	Other							
I. Balance at the end of the last year	250,900,154.00				583,160,306.19				45,001,147.33	196,128,511.03	1,075,190,118.55
Add: Changes of accounting policy											
Error correction of the last period											
Other											
II. Balance at the beginning of this year	250,900,154.00				583,160,306.19				45,001,147.33	196,128,511.03	1,075,190,118.55
III. Increase/ Decrease in this year (Loss is listed	50,180,030.00				-50,176,041.85				4,482,301.25	40,340,711.28	44,827,000.68

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with “-”)											
(i) Total comprehensive income										44,823,012.53	44,823,012.53
(ii) Shareholders’ devoted and decreased capital											
1.Common shares invested by shareholders											
2. Capital invested by holders of other equity instruments											
3. Amount reckoned into owners equity with share-based payment											
4. Other											
(III) Profit distribution									4,482,301.25	-4,482,301.25	
1.Withdrawal of surplus reserves									4,482,301.25	-4,482,301.25	
2.Distribution for shareholders											
3. Other											
(IV) Carrying forward internal shareholders’ equity	50,180,030.00					-50,176,041.85					3,988.15
1. Capital reserves conversed to share capital (or share capital)	50,180,030.00					-50,180,030.00					
2. Surplus reserves											

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converted to share capital (or share capital)											
3. Remedying loss with surplus reserve											
4. Other					3,988.15						3,988.15
(V) Reasonable reserve											
1. Withdrawal in the report period											
2. Usage in the report period											
(VI) Others											
IV. Balance at the end of the report period	301,080,184.00				532,984,264.34				49,483,448.58	236,469,222.31	1,120,017,119.23

Legal person: Mr. Zheng Yuxi

Person in Charge of Accounting Works: Ms. Wang Zhiping

Person in Charge of Accounting Institution: Mr. Xu Qiming

III. Company profile

(I) Profile

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.

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.

2. Business nature and major operation activities of the Company

The Company mainly engaged in the products of tea series of “Jindiao” brand including instant tea power and tea concentrate; “Xing Jiu”; “Ju Fang Yong”; “Gutan” and serials of “Fu Hai Tang”; seasoning series under “Sanjing” brand include oyster sauce, olive vegetable, and soy; beverages series under “Shenbao” brand include daisy tea, lemon tea, and wax gourd tea.

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

3. Basic structure of the Company

The highest authority organ of the Company is general meeting, and general manager take charge of the company under the board. Based on the needs for business development, the Company set function departments like office of the Board, office of GM, HR Dept., Financial management Dept., investment development dept., brand planning dept., caffeine deep processing division, R&D center, monitor room and internal auditing dept.

4. Report approval for the financial statement

The statement has been approved by the Board dated 22 April 2016 for reporting

(II) Consolidate statement scope

Totally 16 subsidiaries are included in consolidate financial statement, mainly including:

Subsidiaries	Type	Level	Shareholding ratio (%)	Voting rights ratio (%)
Shenzhen Shenbao Huacheng Technology Co., Ltd. (Shenbao)	Wholly-owned	First	100	100

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Huacheng for short)	subsidiary	grade		
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
Fujian Mount Wuyi Shenbao Yuxing Tea Co., Ltd. (Shenbao Yuxing for short)	Holding subsidiary	Second grade	51.75	51.75
Hangzhou Fuhaitang Tea Ecological Technology Co., Ltd. (Fuhaitang Ecological for short)	Holding subsidiary	Second grade	92	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	Third grade	60	60
Shenbao Shengyuan (Beijing) Food Co., Ltd. (hereinafter referred to as Shenbao Shengyuan)	Holding subsidiary	Third grade	51	51

Body included in consolidated financial statement in the period has 3 increased by compare with same period of last year, including:

1. Subsidiary newly included in consolidated financial statement

Item	Reasons for change
Jufangyong Trading	Newly established
Yunnan Supply Chain	Newly established
Shenbao Shengyuan	Newly established

2. 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

(I) Basis of preparation of financial statements

Based on continuing operation, the Company conducts recognition and measurement according to actual occurrence of transactions and issues, pursuant to the accounting principles for enterprise-basic rules and 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.

(II) 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

(I) 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.

(II) Accounting period

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

(III) Operating cycle

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

(IV) Standard currency

The Company and its subsidiaries take RMB as the standard currency for bookkeeping.

(V) 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.

(VI) 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 combining 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 mergeree 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.

(VII) Classification of joint venture arrangement and accounting for joint operations

1. Classification of joint venture arrangement

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

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

- (1) The legal form of the arrangement shows that parties to the arrangement are entitled to and assume rights and obligations in respect of the relevant assets and liabilities.
- (2) It is agreed by the terms of the arrangement that parties to the arrangement are entitled to and assume rights and obligations in respect of the relevant assets and liabilities.
- (3) Other related facts and conditions show that parties to the arrangement are entitled to and assume rights and obligations in respect of the relevant assets and liabilities. For instance, joint parties are entitled to almost all the output related to joint venture arrangement and settlement of the liabilities under the arrangement continues to rely on supports from the joint parties.

2. Accounting for joint operations

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

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

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

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

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

(VIII) 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.

(IX) 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.

(X) Financial instruments

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

1. Categories of financial instruments

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

2. Recognition and measurement for financial instrument

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

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

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

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

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

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

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

(2) Account receivables

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

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

(3) Held-to-maturity investment

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

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

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

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

(4) Available-for-sale financial assets

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

The Company initially measures available-for-sale financial assets at the sum between their fair values when acquiring the assets or liabilities (after deducting cash dividend already declared but not paid or bond interests which is due for interest payment but not received) and the relevant transaction fee. Interest or cash dividend acquired during the holding period shall be recognized as investment income. Gains or losses arising from

movement of fair value is directly included in other comprehensive income except for impairment loss and exchange difference arising from foreign currency monetary financial assets. When disposing available-for-sale financial assets, the Company includes the difference between the acquired price and carrying value of the financial assets into investment profit or loss. Meanwhile, accumulated fair value movement attributable to the disposed part which is originally directly included in other comprehensive income is transferred out and included investment profit or loss.

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

(5) Other financial liabilities

Initial recognition amount is determined at the sum of fair value and relevant transaction fee. Subsequent measurement is conducted at amortized cost.

3. Confirmation evidence and measurement methods for transfer of financial assets

When transfer of financial assets occurs, the Company shall stop recognition of such financial assets if all risks and remunerations related to ownership of such financial assets have almost been transferred to the receiver; while shall continue to recognize such financial assets if all risks and remunerations related to ownership of such financial assets have almost been retained.

When judging whether or not the aforesaid terminal recognition condition for financial assets is arrived at for transfer of financial assets, the Company generally adopts the principle that substance overweighs format. The Company divides such transfer into entire transfer and part transfer. As for the entire transfer meeting condition for discontinued recognition, balance between the following two items is recorded in current gains and losses:

- (1) Carrying value of financial assets in transfer;
- (2) Aggregate of the consideration received from transfer and accumulative movements of fair value originally recorded in owners' equity directly (applicable when financial assets involved in transfer belong to financial assets available for sale).

As for the part transfer meeting condition for discontinued recognition, entire carrying value of financial assets in transfer is shared by discontinued recognition part and continued recognition part, in light of their respective fair value. Balance between the following two items is recorded in current gains and losses:

- (1) Carrying value of discontinued recognition part;
- (2) Aggregate of the consideration of discontinued recognition part and amount of such part attributable to accumulative movements of fair value originally recorded in owners' equity directly (applicable when financial assets involved in transfer belong to financial assets available for sale).

Financial assets are still subject to recognition if transfer of such assets doesn't satisfy the condition for discontinued recognition. And consideration received is recognized as financial liability.

4. De-recognition condition for financial liability

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

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

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

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

5. Determination method for fair value of financial assets and financial liabilities

As for the financial assets and financial liabilities measured by fair value and in case that there are active market for those assets and liabilities, then the fair value shall be determined based on the quotation on active market; The initial acquisition or financial assets or financial liabilities assumed, market transaction price to determine the fair value basis; there is no active market for a financial asset or financial liability, the valuation techniques to determine its fair value. At the time of valuation, the Company adopted applicable in the present case and there is

enough available data and other information technology to support valuation, assets or liabilities of feature selection and market participants in the trading of the underlying asset or liability considered consistent input value and priority as the relevant observable inputs. Where relevant observable inputs can not get or do not get as far as practicable, the use of unobservable inputs.

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

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

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

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

Details for impairment of financial assets are set out below:

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

The financial assets available for sale are recognized individually assessed for impairment at the balance sheet date, wherein: show sellable equity instrument investment objective evidence of impairment include the fair value of equity instruments is serious or a decline in the specific quantitative criteria as follows: If the investments in equity instruments at the balance sheet date the fair value below its cost is more than 50% (50% included) or below its cost is the duration of more than one year (including one year) , it indicates that the impairment occurs.

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; "fair value," according to the stock exchange closing price of the end OK, unless the existence of available for sale investments in equity instruments restricted period. For the presence of restricted investments in equity instruments available for sale, according to the end of the closing price of the stock exchange market participants by deducting the risk equity instrument within a specified period cannot be sold on the open market and the requirements to obtain compensation.

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

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

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

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

7. Offset of financial assets and financial liabilities

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

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

(XI) 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	Within the scope of consolidation receivables related parties are within the Company's control, bad debts may be impossible, the combination shall be with no provision
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.

(XII) Inventories

1. Classification

Inventory means finished goods and merchandise that are ready for sale, work-in-progress, or material used in the process of production or provision of service in the ordinary course of business. Inventory includes merchandise in warehouse, delivered goods, work-in-progress, raw materials, subcontracted materials, reusable materials, etc.

2. Valuation method

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

3. Recognized standards of the net realizable value for inventory and withdrawal method on provision of inventory

After inventory at period-end, the inventories are accounted depending on which is lower between the cost and the net realizable value or adjusted the provision of inventory. The net realizable value of inventory products and sellable materials, in normal business production, is measured as the residual value after deducting the estimated sales expense and related taxes and fees from the estimated selling price; the net realizable value of an item of inventories subject to further processing, in normal business production, is measured as the residual value after deducting the sum of the estimated costs of completion, sales expense and related taxes and fees from the estimated selling price of the sellable item. The net realizable value of the quantity of inventories held to satisfy firm sales or service contracts is based on the contract price. If the sales contracts are for less than the inventory quantities held, the net realizable value of the excess is based on general selling prices.

An impairment allowance, if any, is generally individually recognized for each type of inventories at period-end except: For an individual impairment allowance, if any, is recognized for the whole category of inventories of low value and large quantities; and for an individual impairment allowance, if any, is recognized for a group of inventories, which are held for the production and sales of products of a single territory and for identical or similar usages or purposes, and which are indistinguishable from other types of inventories within the group.

If the previous factors resulting in deduction of inventories values disappear, then such deduction of value shall be reversed back from the original provision of inventory depreciation reserve, and turns to current gains and losses.

4. Inventory system

Inventory system is the perpetual inventory system.

5. Amortization of low-value consumables and packaging materials

(1) Adopt five-five amortization for low-value consumables;

(2) Adopt one-off writing off process for packaging materials

(XIII) 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.

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

For the equity investment originally held by the Company in which it has no control, common control or significant influence over the investee and which is accounted for under recognition and measurement principle as financial instrument, or for long term equity investment originally held in associates or joint ventures, in case that the Company becomes able to exercise control over investee not under common control due to additional

investment, the sum of fair value of the originally held equity investment plus cost of the new investment shall be deemed as the initial investment cost upon calculation under cost method when preparing separate financial statement.

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

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

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

In case that the Company lost common control or significant influence upon investee due to disposal of part equity investment, the remaining equity investment shall be calculated under Business Accounting Principles No.22- Recognition and Measurement of Financial Assets, and the difference between its fair value and carrying value as of the date when the Company lost common control or significant influence shall be included in current period gains and losses.

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

(4) Cost method transfer to equity method

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

(5) Cost method transfer to fair value measure

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

4. Disposal of long term equity investment

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

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

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

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

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

(2) In consolidated financial statement, for those transactions occurred before lost of control in subsidiaries, the difference between disposal price and share of net assets of subsidiaries since purchase date or combination date shall be used to adjust capital reserve (equity premium), and if capital reserve is insufficient to offset, then it shall

adjust retained earnings; when the Company lost control in a subsidiary, the remaining equity interests would be re-measured at the fair value as of the control-lost date. The sum of consideration gained from the disposal of equity and the fair value of remaining equity minus the share of net assets of original subsidiaries since the day of purchase and based on its original shareholding ratio is credited into investment gain for the current period, and off-set the goodwill at the same time. Other comprehensive income in relation to equity investments of original subsidiaries should be transferred to investment gain for the period at the time of loss of control.

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

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

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

5. Criteria for common control and significant influence

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

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

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

(XIV) Investment real estate

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

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

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

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

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.

(XV) 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.

2. Depreciation methods

Categories	Method	Years of depreciation	Scrap value rate	Yearly depreciation rate
Houses and buildings - production buildings	Straight-line depreciation	35 years	5%	2.71%
Houses and buildings - production buildings	Straight-line depreciation	40 years	5%	2.38%
Houses and buildings - makeshift	Straight-line depreciation	9 years	5%	10.56%
Mechanical equipment	Straight-line depreciation	12 years	5%	7.92%
Transportation vehicle	Straight-line depreciation	9 years	5%	10.56%
Other equipment	Straight-line depreciation	6 years	5%	15.83%

3. Recognition, measurement and depreciation of fixed assets held under finance lease

A fixed asset leased by the Company is recognized as the fixed asset held under finance lease if one or more of the following criteria are met: (1) Upon the expiry of the lease term, the ownership is transferred to the Company. (2) The Company has the option to purchase the asset at a predetermined price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable and it is reasonably ascertained at the inception of lease that the option will be exercised. (3) The lease term approximates the useful life of the relevant asset even if the ownership is not transferred. (4) At the inception of the lease, the present value of the minimum lease payments is substantially equivalent to the fair value of the leased asset. (5) The leased assets are of such a specialized nature that only the Company can use them without major modification. A fixed asset held under finance lease is initially recognized at the lower of fair value of the leased asset and the present value of the minimum lease payments, while the amount of the minimum lease payments will be recognized as the entry value of long-term account payable, the difference between them will be recognized as unrecognized financing costs. The initial direct costs such as commissions, attorney's fees, and travelling expenses, stamp duties attributable to the leased item incurred during the process of lease negotiating and signing the leasing agreement shall be recorded in the asset value. Unrealized finance costs will be amortized using actual interest rate method over each period during the lease terms.

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

(XVI) Construction in process

1. Classification of constructions under progress

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

2. Standard and point of time for construction in process carrying forward to fixed assets

Fixed asset is booked with the entire expenditures occurred in the construction in process till it arrives at predicted state for use. For those constructions in process of fixed assets which have already arrived at the predicted state for use, while still with absence of completion settlement, they shall be carried forward to fixed assets at the estimated value based on engineering budget, construction cost or actual cost commencing from the date of arrival of the predicted state for use. Meanwhile, they shall be also subject to the depreciation policies applicable to fixed

assets of the Company for provision of depreciation. Once completion settlement is made, the original temporary estimated value shall be adjusted at the effective cost. However, the original provision of depreciation remains unchanged.

(XVII) Borrowing expenses

1. Recognition of the borrowing expenses capitalization

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

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

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

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

2. Period of capitalization

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

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

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

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

3. Period of suspended

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

4. Calculation for capitalization amount

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

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

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

(XVIII) Biological assets

Biological assets of the Company refer to the productive biological assets

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

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

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

operation purposes, including feed costs, labor costs and indirect costs to be allocated.

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

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

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

(XIX) Intangible assets and R&D expenditure

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

1. Measurement of intangible assets

For those intangible assets purchased from outside, the purchase value, relevant taxes and other payments attributable to predicted purpose obtained should recognized as cost for this assets. For those purchased amount that paid overdue exceeded the normal credit condition, owns financing natures actually, the cost should be recognized based on the current value while purchased

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

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

Intangible assets obtained by means of enterprise merged under common control, recognized book-keeping value by the book value of merged party; Intangible assets obtained by means of enterprise merged under different control, recognized book-keeping value by the its fair value.

For those cost of intangible assets development internally including: the used materials, labor cost and register charge for development; amortization for other patent and concession used and interest expense satisfying the capitalization condition during process of development; other directly expense before reached its predated useful purpose.

2. Subsequent measurement

Analysis and determined the service life for intangible assets 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

Item	Predicted useful life	Basis
software use right	5-8-year	Protocol agreement

At end of report term, revising will be performed on the useful life of intangible assets with limited useful life and the methods of amortizing; if there is a differences been found with the original estimated number, corresponding adjustment shall prevail.

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

(2) Intangible assets without 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.

3. 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.

4. 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.

(XX) 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.

(XXI) Long term prepaid expense

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

(XXII) Staff remuneration

1. Short term remuneration

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

2. 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.

The Company offer early retirement benefits to employee who accepts the early retirement arrangements. Early retirement benefits refers to not meet the state retirement age, approval by the Company's management employees voluntarily quit jobs to pay their salaries and contributions to social insurance. Since the Company's internal retirement arrangements starting date of the employee reaches the normal retirement age only, inwardly retired workers to pay Early retirement benefits. When the early retirement benefits, the Company cf. termination benefits accounted for, subject to termination benefits related acknowledge condition from the employee's termination of service to the normal retirement date to be paid for retired workers wages and payment of social insurance are recognized as liabilities, disposable income statement. Actuarial assumptions change in the retirement benefits and welfare standards adjustment due to the difference in the event of a profit or loss.

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.

(XXIII) Accrual liability

1. Recognition standards for accrual liability

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

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

2. Measurement

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

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

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

Treatment for best estimation:

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

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

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

(XXIV) Revenue recognition

1. Recognition of the income from commodity sales

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

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

2. Basis on use right income for transaction assets

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

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

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

(XXV) 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

(1) Types

Government grants are transfer of monetary assets or non-monetary assets from the government to the Group at

no consideration.

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) Recognition

There is evidence that the end of the company to comply with the financial support policy of the relevant conditions and is expected to receive financial support funds, confirmed by the amount of government subsidies receivable. In addition, government subsidies are recognized when actually received.

Government subsidy is a monetary asset, the amount received or receivable. Government subsidies for non-monetary assets are measured at fair value; the fair value is not reliably achieved, in nominal amount (1 yuan). Measured at nominal amount of government subsidies, direct profit or loss.

(3) Accounting treatment

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.

(XXVI) Deferred income tax assets and deferred income tax liabilities

1. Reference for recognition of deferred income tax assets

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

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

2. Basis for determination of deferred income tax liabilities

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

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

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

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

VI. Taxes

(I) Type of tax and rate for main applicable tax

Taxes	Basis	Rate
VAT	Sales of goods	17%, 3%

Business tax	Taxable turnover	5%
Urban maintenance and construction tax	Payable turnover taxes	5%, 7%
Educational surtax	Payable turnover taxes	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%
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%
Shenbao Shengyuan	25%
Jufangyong Trading	25%

(II) Tax preferential 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.

VII. Annotation to main items of consolidated financial statements

(I) Monetary fund

In RMB

Item	Closing balance	Opening balance
Cash on hand	184,337.59	100,531.08
Cash in bank	147,329,549.56	266,747,247.36
Other monetary fund	500,000.00	500,000.00
Total	148,013,887.15	267,347,778.44

Monetary fund with restriction concerned at end of the Period:

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

While presenting the cash flow statement, restricted other monetary fund has been deducted from the cash and cash equivalent at period-end

(II) Financial assets measured by fair value and with the variation recorded into current gains/losses

In RMB

Item	Closing balance	Opening balance
Tradable financial assets	3,586,352.90	1,777,695.79
Equity investment	3,586,352.90	1,777,695.79
Total	3,586,352.90	1,777,695.79

Other explanation:

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

(III) Note receivables

Classification of notes receivable

In RMB

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

(IV) 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	77,217,424.39	79.93%	1,269,408.27	1.64%	75,948,016.12	103,957,669.05	84.28%	809,686.62	0.78%	103,147,982.43
Account receivable with single minor amount but	19,391,001.77	20.07%	19,391,001.77	100.00%		19,391,001.77	15.72%	19,391,001.77	100.00%	

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withdrawal bad debt provision for single item						7				
Total	96,608,426.16	100.00%	20,660,410.04	21.39%	75,948,016.12	123,348,670.82	100.00%	20,200,688.39	16.38%	103,147,982.43

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	62,258,906.51		0.00%
1-2 years	8,570,623.80	428,531.20	5.00%
2-3 years	2,346,140.71	234,614.07	10.00%
Over 3 years	4,041,753.37	606,263.00	15.00%
3-4years	784,234.94	117,402.73	15.00%
4-5 years	176,272.85	26,673.43	15.00%
5years above	3,081,245.58	462,186.84	15.00%
Total	77,217,424.39	1,269,408.27	

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 459,721.65; collected or switch back bad debt provision of RMB 0.

3. 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	7,028,255.00	7.27	---
Customer 2	4,866,940.00	5.04	---
Customer 3	4,840,598.40	5.01	237,321.84
Customer 4	4,617,600.00	4.78	---
Customer 5	3,659,913.60	3.79	---
Total	25,013,307.00	25.89	---

(V) Account paid in advance

1. Aging analysis

In RMB

Age	Closing balance		Opening balance	
	Amount	Ratio	Amount	Ratio

Within 1 year	16,227,516.31	87.24%	5,714,190.03	73.44%
1-2years	1,844,886.90	9.92%	1,816,392.30	23.35%
2-3years	505,768.33	2.72%	37,919.50	0.49%
Over 3 years	23,428.80	0.12%	211,375.44	2.72%
Total	18,601,600.34	--	7,779,877.27	--

2. Top 5 account paid in advance at closing balance collected by objects

In RMB

Name	Closing amount	Ratio in total account paid in advance (%)
Supplier 1	6,336,000.00	34.06%
Supplier 2	1,551,101.22	8.34%
Supplier 3	1,320,320.28	7.10%
Supplier 4	1,096,195.50	5.89%
Supplier 5	873,820.05	4.70%
Total	11,177,437.05	60.09%

(VI) 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	19,103,954.35	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	11,443,076.49	23.78%	329,438.84	2.88%	11,113,637.65	27,427,389.39	60.94%	2,738,266.56	9.98%	24,689,122.83
Other account receivable with single minor amount but withdrawal bad debt provision for single item	17,577,795.82	36.53%	17,577,795.82	100.00%		17,577,795.82	39.06%	17,577,795.82	100.00%	
Total	48,124,826.66	100.00%	26,105,054.72	54.24%	22,019,771.94	45,005,185.21	100.00%	20,316,062.38	45.14%	24,689,122.83

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

Applicable Not applicable

In RMB

Account receivable(units)	Closing balance			
	Account receivable	Bad debt reserve	Accrual ratio	Reasons
Changzhou Shenbao Chacang E-commence	19,103,954.35	8,197,820.06	42.91%	Estimated recoverable amount is lower than the

Co., Ltd				book balance
Total	19,103,954.35	8,197,820.06	--	--

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	8,094,312.61		0.00%
1-2 years	1,135,788.01	56,789.40	5.00%
2-3 years	1,185,938.60	118,593.86	10.00%
Over 3 years	1,027,037.27	154,055.58	15.00%
3-4 years	209,434.84	31,415.23	15.00%
4-5 years	57,236.34	8,585.45	15.00%
5 years above	760,366.09	114,054.91	15.00%
Total	11,443,076.49	329,438.84	

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 5,793,799.27 Yuan; the amount collected or switches back amounting to 0 Yuan

3. Nature classification for other receivables

In RMB

Item	Closing book balance	Opening book balance
Margin and deposit	3,435,894.26	1,368,252.63
VAT rebates receivables	27,140.22	337,748.21
Intercourse funds and other	44,661,792.18	43,299,184.37
Total	48,124,826.66	45,005,185.21

4. Top five units in other account receivable at closing balance

In RMB

Name	Amount nature	Closing balance	Age	Ratio in total other account receivable at closing balance	Bad debt provision Closing balance
Changzhou Shenbao Chacang e-commerce Limited	Intercourse funds	19,103,954.35*		39.70%	8,197,820.07
Shenzhen Shenbao Manan Biotechnology Co.,	Intercourse funds	1,304,148.50	Within 1 year	2.71%	

Ltd					
Hao Junbin	Intercourse funds	758,099.00	Within 1 year	1.58%	
Hangzhou Shilongshan Ecological Park Co., Ltd	Intercourse funds	600,000.00	2-3 years	1.25%	60,000.00
Wuyishan City, Fujian Province Yuxing Tea Co., Ltd.	Intercourse funds	500,000.00	1-2 years	1.04%	25,000.00
Total	--	22,266,201.85	--		8,282,820.07

(VII) Inventory

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	58,516,983.93	3,893,177.28	54,623,806.65	50,061,015.73	3,704,335.73	46,356,680.00
Goods in process	27,601,507.25	81,052.46	27,520,454.79	31,256,557.79	81,052.46	31,175,505.33
Finished goods	79,669,708.08	810,517.22	78,859,190.86	35,192,734.56	1,282,058.46	33,910,676.10
Goods in transit	6,546,946.43		6,546,946.43	6,484,704.45		6,484,704.45
Materials processed on commission	5,349,996.81	5,290,502.32	59,494.49	5,337,209.83	5,290,502.32	46,707.51
Packaging materials	8,212,480.31		8,212,480.31	5,311,914.37		5,311,914.37
Products exploitation				6,755,496.74		6,755,496.74
Total	185,897,622.81	10,075,249.28	175,822,373.53	140,399,633.47	10,357,948.97	130,041,684.50

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	3,704,335.73	188,841.55				3,893,177.28
Goods in process	81,052.46					81,052.46
Finished goods	1,282,058.46	45,074.31		516,615.55		810,517.22
Work in process-outsourced	5,290,502.32					5,290,502.32
Total	10,357,948.97	233,915.86		516,615.55		10,075,249.28

(VIII) Other current assets

In RMB

Item	Closing balance	Opening balance
VAT input tax ready for deduction	2,012,976.56	3,911,623.17

Total	2,012,976.56	3,911,623.17
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(IX) 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 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	0.00	0.00	2,480,000.00	2,480,000.00	0.00	0.00	2,480,000.00	0.95%	
Shenzhen Tianji Photoelectric Technology Industrial Co., Ltd.*1	15,000,000.00	0.00	0.00	15,000,000.00	15,000,000.00	0.00	0.00	15,000,000.00	3.77%	
Beijing Tiantan Co., Ltd.*2	57,500.00	0.00	0.00	57,500.00	0.00	0.00	0.00	0.00	0.00%	
Total	17,537,500.00			17,537,500.00	17,480,000.00			17,480,000.00	---	

3. Change of financial assets depreciation for sale during reporting period

In RMB

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

(X) Long-term equity investment

In RMB

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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.*3	1,042,686.34									1,062,646.40	
Yunnan Pu'er Tea Trading Center Co., Ltd.		5,000,000.00		-1,298,032.98						3,701,966.81	
Shenzhen Shichumingmen Restaurant Management Co.,		2,550,000.00		-279,669.30						2,270,330.70	

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Ltd.											
Subtotal	3,970,314.87	7,550,000.00		-1,577,702.28						9,962,582.44	2,927,628.53
Total	3,970,314.87	7,550,000.00		-1,577,702.28						9,962,582.44	2,927,628.53

(XI) 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				
2. Current amount increased	19,305,918.88			19,305,918.88
(1) Purchase				
(2) Stock\fixed assets \Transfer-in from construction in process				
(3) Increased by combination				
Fixed assets transfer-in	19,305,918.88			19,305,918.88
3. Current amount decreased				
(1) Disposal				
(2) Other transfer-out				
4. Closing balance	19,305,918.88			19,305,918.88
II. accumulated depreciation and accumulated amortization				
1. Opening balance				
2. Current amount increased	496,725.20			496,725.20
(1) Accrual or amortization	267,467.41			267,467.41
(2) Stock\fixed assets \Transfer-in from construction in process	229,257.79			229,257.79
3. Current amount decreased				
(1) Disposal				
(2) Other transfer-out				
4. Closing balance	496,725.20			496,725.20
III. impairment provision				
1. Opening balance				
2. Current amount increased				

(1) Accrual				
3. Current amount decreased				
(1) Disposal				
Other transfer-out				
4. Closing balance				
IV. Book value Total				
1. Ending book value	18,809,193.68			18,809,193.68
2. Opening book value				

2. Certificate of title un-completed

In RMB

Item	Book value	Reasons
House and building	18,809,193.68	In progress

(XII) 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	297,592,711.14	222,594,118.72	7,237,524.52	11,095,596.25	538,519,950.63
2. Current amount increased	33,289.00	927,511.23	200,590.00	2,649,131.76	3,810,521.99
(1) Purchase	33,289.00	779,647.99	200,590.00	1,764,204.13	2,777,731.12
(2) Transfer-in from construction in process		147,863.24		884,927.63	1,032,790.87
(3) Increased by combination					
3. Current amount decreased					
(1) Disposal or scrap					
Other transfer-out	19,305,918.88	25,000.00	133,000.00	42,856.85	19,506,775.73
4. Closing balance					
II. accumulated depreciation					
1. Opening balance	24,521,540.26	105,847,257.39	3,448,527.45	4,594,499.79	138,411,824.89
2. Current amount increased	7,806,275.57	13,676,780.72	646,223.44	1,602,603.26	23,999,350.40
(1) Accrual	7,806,275.57	13,676,780.72	646,223.44	1,602,603.26	23,999,350.40
3. Current amount decreased	229,257.79	19,131.95	126,350.00	10,857.48	653,064.63
(1) Disposal or scrap		19,131.95	126,350.00	10,857.48	385,597.22
Transfer-out	229,257.79				229,257.79
4. Closing balance					

III. impairment provision					
1. Opening balance		2,647,112.69			2,647,112.69
2. Current amount increased					
(1) Accrual					
3. Current amount decreased					
(1) Disposal or scrap					
4. Closing balance		2,647,112.69			2,647,112.69
IV. Book value Total					
1. Ending book value	246,221,523.22	101,344,611.09	3,336,713.63	7,515,625.60	358,418,473.54
2. Opening book value	273,071,170.88	114,099,748.64	3,788,997.07	6,501,096.46	397,461,013.05

2. Certificate of title un-completed

In RMB

Item	Book value	Reasons
House and building	73,964,775.17	In progress

3. Among the ending balance, the original value of fixed assets used for bank pledge was RMB30,567,419.75, and the net value were RMB 21,721,212.36. as for this pledge, the Company pledged No. 1# and 2# factories located at He'ao village, Henggang town, Longgang district Shenzhen to Shenzhen Branch of Shanghai Pudong Development Bank, in order to apply for comprehensive credit loan of RMB 80 million. Pledge term is from 13 March 2013 to 12 March 2016.

(XIII) 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	0.00
Comprehensive investment project of tea industry chain(the new factory project)	6,750,385.61		6,750,385.61	2,572,410.64	0.00	2,572,410.64
Equipments remaining installation of Shenbao Technology Center				998,299.44	0.00	998,299.44
Standard Park				470,016.63	0.00	470,016.63

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Project of the West Lake Longjing Tea							
Other	943,379.03	903,189.74	40,189.29	903,189.74	903,189.74		
Total	11,536,098.28	4,745,523.38	6,790,574.90	8,786,250.09	4,745,523.38	4,040,726.71	

2. Changes of major construction in process

In RMB

Projects	Budget	Opening balance	Current increased	Transfer-in fixed assets	Other decrease in the Period	Closing balance	Proportion of project investment in budget	Progress	Accumulated capitalization of interest	Including: amount of capitalization of interest in Period	Interest capitalization rate in Period	Capital resources
Integrated investment in Tea chain project (new plant project)		2,572,410.64	4,177,974.97			6,750,385.61		35				Other
Equipments remaining installation of Shenbao Technology Center		998,299.44	851,928.67	147,863.24	1,702,364.87							Other
Standard Park Project of the West Lake Longjing Tea		470,016.63	414,911.00	884,927.63								Other
Total		4,040,726.71	5,444,811.64	1,032,790.51	1,702,364.87	6,750,385.61	--	--				--

		6.71	4.64	0.87	4.87	5.61						
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3. Impairment reserves accrual in the Period

Item	Opening balance	Current increased	Current decreased	Closing balance	Reasons
Shenbao Plaza project	3,842,333.64	---	---	3,842,333.64	
Other	903,189.74	---	---	903,189.74	
Total	4,745,523.38	---	---	4,745,523.38	

(XIV) Productive biological assets

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					
3. Current amount decreased					
(1) Disposal					
(2) Other					
4. Closing balance					
III. impairment provision					
1. Opening balance					
2. Current amount increased					
(1) Accrual					

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3. Current amount decreased					
(1) Disposal					
(2) Other					
4. Closing balance	436,156.00				436,156.00
IV. Book value Total					
1. Ending book value	436,156.00				436,156.00
2. Opening book value	436,156.00				436,156.00

(XV) Intangible assets

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	40,451,130.52	7,608,874.54	22,871,704.98	233,776,542.91
2. Current amount increased		2,904,986.29	300,000.00		3,204,986.29
Purchase			300,000.00		3,204,986.29
Other		2,904,986.29			
(2) internal R&D					
(3) Increased by combination					
3. Current amount decreased					
(1) Disposal					
4. Closing balance	162,844,832.87	43,356,116.81	7,908,874.54		236,981,529.20
II. accumulated depreciation					
1. Opening balance	15,251,513.85	13,946,099.68	1,292,442.73	1,113,677.76	36,815,456.11
2. Current amount increased	3,310,348.93	2,103,742.07	1,303,662.62	390,949.20	7,108,702.82
(1) Disposal	3,310,348.93	2,103,742.07	1,303,662.62	390,949.20	7,108,702.82
3. Current amount decreased					
(1) Disposal					
4. Closing balance	21,766,135.30	18,057,291.32	2,596,105.35	1,504,626.96	43,924,158.93
III. impairment provision					
1. Opening balance					
2. Current amount increased					
(1) Disposal					
3. Current amount decreased					
(1) Disposal					

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4. Closing balance					
IV. Book value Total					
1. Ending book value	141,078,697.57	25,298,825.49	5,312,769.19	21,367,078.02	193,057,370.27
2. Opening book value	144,389,046.50	24,497,581.27	6,316,431.81	21,758,027.22	196,961,086.80

(XVI) Development expense

In RMB

Item	Opening balance	Amount of current increase			Amount of current decrease			Closing balance
Item 1		548,937.30				548,937.30		
Item 2		301,652.82				301,652.82		
Item 3		378,866.96				378,866.96		
Item 4		151,429.01				151,429.01		
Item 5		697,761.00				46,294.25		
Item 6		274,847.42			651,466.75	274,847.42		
Item 7		459,526.79				459,526.79		
Item 8		287,116.23				287,116.23		
Item 9		350,097.52			246,489.98	103,607.54		
Total		3,450,235.05			897,956.73	2,552,278.32		

(XVII) Long-term deferred expense

In RMB

Item	Opening balance	Current increased	Current amortization	Other decreased	Closing balance
Decoration charge for office rented-in	6,758,578.06	7,397,164.22	2,722,492.25	155,050.92	11,278,199.11
Affiliated project of resident area in Jufangyong Wuyuan	1,233,819.39	137,222.40	362,359.36		1,008,682.43
Reform of tea park in Wuyuan	207,271.00		92,302.18		114,968.82
Reform project of warehouse	3,796,780.34	485,387.26	1,200,105.87		3,082,061.73
Lease of workshop and office building	673,493.98	261,078.89	685,148.47		249,424.40
Other	291,769.02	236,020.39	267,771.43		260,017.98
Total	12,961,711.79	8,516,873.16	5,330,179.56	155,050.92	15,993,354.47

(XVIII) 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	18,989,234.01	4,436,279.25	11,344,502.29	2,795,010.62
Gains from changes of			642,447.39	160,611.85

fair value				
Total	18,989,234.01	4,436,279.25	11,986,949.68	2,955,622.47

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	4,747,915.76	1,186,978.94	5,050,586.00	1,262,646.50
Change of fair value for the financial assets available for sale	1,808,657.11	452,164.28		
Total	6,556,572.87	1,639,143.22	5,050,586.00	1,262,646.50

3. Details of uncertain deferred income tax assets

In RMB

Item	Closing balance	Opening balance
Losses deductible	98,027,808.60	61,597,923.02
Impairment provision for assets	65,651,744.63	67,330,462.05
合计	163,679,553.23	128,928,385.07

(XIX) 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:

According to Auction confirmation of Yunnan Pacific Auction Co., Ltd., December 22, 2015, the Company's subsidiary Yunnan supply chain traded subject in RMB 9,381,000.00 yuan: idle state-owned assets located in Ning'er town Yuhe village Panzhuhua group, industrial land, land use right area 111,413.33 square meters.

(XX) Short-term loans

Short-term loans

In RMB

Type	Closing balance	Opening balance
Guarantee loan	0	40,000,000.00
Total	0	40,000,000.00

(XXI) Account payables

1. Account payables

In RMB

Item	Closing balance	Opening balance
Within 1 year	16,248,897.59	7,654,240.12
1-2 years	1,493,317.01	2,625,057.87
2-3 years	291,331.73	5,016,087.79
Over 3 years	6,788,041.25	2,384,065.45
Total	24,821,587.58	17,679,451.23

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	--

(XXII) Account received in advance

Account received in advance

In RMB

Item	Closing balance	Opening balance
Within 1 year	2,904,689.51	1,752,043.85
1-2 years	34,520.25	144,994.72
2-3 years	39,975.72	420,000.00
Over 3 years	735,406.45	845,346.95
Total	3,714,591.93	3,162,385.52

(XXIII) Wages payable

1. Wages payable

In RMB

Item	Opening balance	Current increased	Current decreased	Closing balance
I. Short-term compensation	7,596,846.63	69,187,187.47	64,673,539.04	12,110,495.06
II. After-service welfare-defined contribution plans	240,414.17	4,095,272.34	4,088,197.25	247,489.26
Total	7,837,260.80	73,282,459.81	68,761,736.29	12,357,984.32

2. Short-term compensation

In RMB

Item	Opening balance	Current increased	Current decreased	Closing balance
1. Wage, bonus, allowance and subsidy	6,328,955.71	54,681,796.32	50,544,820.65	10,465,931.38
2. Employees' welfare		6,530,301.26	6,530,301.26	
3. Social insurance charges	38,815.79	3,178,288.42	3,163,322.69	53,781.52
Including: basic medical insurance premium	34,239.43	2,823,729.62	2,810,518.85	47,450.20
Industrial injury insurance premiums	1,401.35	149,773.17	149,519.33	1,655.19
Maternity insurance premiums	3,175.01	204,785.63	203,284.51	4,676.13
4. Housing public reserve		3,124,824.92	3,124,824.92	
5. Trade union fee and education fee	1,229,075.13	1,671,976.55	1,310,269.52	1,590,782.16
Total	7,596,846.63	69,187,187.47	64,673,539.04	12,110,495.06

3. Defined contribution plans

In RMB

Item	Opening balance	Current increased	Current decreased	Closing balance
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1. Basic endowment insurance premiums	233,879.04	3,848,757.48	3,843,611.60	239,024.92
2. Unemployment insurance premiums	6,535.13	246,514.86	244,585.65	8,464.34
Total	240,414.17	4,095,272.34	4,088,197.25	247,489.26

(XXIV) Tax payable

In RMB

Item	Closing balance	Opening balance
Construction tax	743,463.75	
business tax	73,967.84	5,328,791.75
Enterprise income tax	3,631,310.31	4,250,882.59
Personal income tax	512,502.60	164,636.83
Urban maintenance and construction tax	31,240.56	419,534.52
House property tax	212,077.17	212,077.16
Embankment fee	51,301.40	52,765.33
Surtax for education expenses	28,755.75	296,311.30
Use tax of land	15,721,488.76	13,986,409.88
Tenure tax	166,991.80	81,576.21
Other tax fee	135,273.68	108,083.68
Total	21,308,373.62	24,901,069.25

(XXV) 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

(XXVI) Other account payables

1. Listed by age

In RMB

Item	Closing balance	Opening balance
Deposit and margin	973,437.53	1,169,860.00
Engineering quality retention money and fund of tail	2,474,634.27	26,721,572.13
Intercourse funds and other	20,189,534.35	20,954,388.56
Total	23,637,606.15	48,845,820.69

2. Significant other payable with over one year age

In RMB

Item	Closing balance	Reasons of un-paid or carry-over
Jianghai Construction Project Limited	1,210,962.96	Architectural Engineering balance, payment according to the acceptance schedule
Investment management Company	3,510,297.20	Historical payment

Total	4,721,260.16	--
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(XXVII) Deferred income

In RMB

Item	Opening balance	Increase during the year	Decreased during the year	Closing balance	Causes
Government grants	14,376,120.78		1,443,841.97	12,932,278.81	
Total	14,376,120.78		1,443,841.97	12,932,278.81	--

Items involving governance grants:

In RMB

Liability	Opening balance	Grants increased in the Period	Amount reckoned into non-operating revenue	Other changes	Ending balance	Assets-related/income-related
(1) Subsidy for tea seeding of New Tea Garden in Wangkou	49,920.00				49,920.00	Assets-related
(2) Construction amount for 50 tons for clearly processing for Mingyou tea	1,000,000.00		125,000.00		875,000.00	Assets-related
(3) Industrialization project of instant tea power	2,869,920.16		196,445.87		2,673,474.29	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	2,200,000.00		275,000.00		1,925,000.00	Assets-related
(6) Enterprise technology center is a municipal R&D center. Subsidies for industrial technological advancement	2,781,316.66		181,942.05		2,599,374.61	Assets-related
(7) Subsidies for key technology research and industrialization of instant tea powder	509,991.25		314,245.01		195,746.24	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)	4,943,729.08		351,209.04		4,592,520.04	Assets-related
Total	14,376,120.78		1,443,841.97		12,932,278.81	

(XXVIII) 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						301,080,184.00

(XXIX) Capital reserves

In RMB

Item	Opening balance	Current increased	Current decreased	Closing balance
Capital premium (Share capital premium)	517,246,875.36			517,246,875.36
Other capital reserve	939,554.31	230.92		939,785.23
Total	518,186,429.67	230.92		518,186,660.59

(XXX) Surplus reserves

In RMB

Item	Opening balance	Current increased	Current decreased	Closing balance
Statutory surplus reserves	49,483,448.58	187,414.65		49,670,863.23
Total	49,483,448.58	187,414.65		49,670,863.23

(XXXI) Retained profit

In RMB

Item	This period	Last period
Retained profit at the end of the previous year before adjustment	102,128,156.68	93,286,637.50
Total retained profit at the beginning of the previous year before adjustment	102,128,156.68	93,286,637.50
Add: net profit attributable to shareholder of parent company	-35,256,169.10	13,323,820.43
Less: Exact Statutory surplus reserves	187,414.65	4,482,301.25
Retained profit at the begin of the year after adjustment	66,684,572.93	102,128,156.68

(XXXII) Operating income and Operating cost

In RMB

Items	Current Period		Last Period	
	Income	Cost	Income	Cost
Main operating	335,695,334.26	247,443,735.69	368,121,399.84	229,059,281.30
Other operating	2,529,178.05			
Total	338,224,512.31	247,443,735.69	368,121,399.84	229,059,281.30

(XXXIII) Operating tax and surcharges

In RMB

Item	Current Period	Last Period
Business tax	2,733,642.61	5,455,272.70
City maintenance and construction tax	1,017,694.74	951,663.56
Educational extra and others	752,875.65	693,008.57

Land VAT	6,305,817.41	13,985,285.69
Total	10,810,030.41	21,085,230.52

(XXXIV) Sales expenses

In RMB

Item	Current Period	Last Period
Employee compensation and employee costs	16,569,036.44	11,192,384.43
Rental and utilities	6,654,415.59	2,611,500.50
Depreciation and amortization expenses	4,811,765.14	1,147,032.77
Goods transport miscellaneous expenses	4,665,505.56	6,693,538.11
Sales discounts, promotion fee and advertising expenses	6,432,317.18	9,442,818.79
Daily office expenses	4,362,823.91	3,078,920.57
Others	2,554,382.85	503,179.16
Total	46,050,246.67	34,669,374.33

(XXXV) Management expenses

In RMB

Item	Current Period	Last Period
Employee compensation and employee costs	35,635,966.25	35,681,859.57
Rental and utilities	2,485,698.12	3,196,736.54
Depreciation and amortization expenses	15,709,602.70	11,701,512.14
Intermediary and disclosure expenses	9,992,514.88	4,187,471.16
Tax and fee	3,038,278.60	3,022,480.59
Daily office expenses	11,678,099.39	13,959,377.41
Others	1,975,175.75	3,914,671.20
Total	80,515,335.69	75,664,108.61

(XXXVI) Financial expenses

In RMB

Category	Current Period	Last Period
Interest expense	92,388.89	3,179,206.34
Interest income	-2,576,848.29	-4,303,434.01
Exchange loss	207,379.12	-103,392.48
Others	325,459.68	194,367.76
Total	-1,951,620.60	-1,033,252.39

(XXXVII) Asset impairment loss

In RMB

Item	Current Period	Last Period
I. Bad debt losses	6,218,066.33	212,499.01

II. Inventory falling price loss	-282, 699. 69	564, 104. 61
Total	5, 935, 366. 64	776, 603. 62

(XXXVIII) Gains /losses from change of fair value

In RMB

Source of gains from change of fair value	Current Period	Last Period
Financial assets measured by fair value and with its variation reckoned into current gains/losses	1, 808, 657. 11	642, 447. 39
Total	1, 808, 657. 11	642, 447. 39

(XXXIX) Investment gains

In RMB

Item	Current Period	Last Period
Long-term equity investment gains recognized under equity method	-1, 557, 732. 43	22, 686. 34
Investment income from disposal of long-term equity investment		2, 853, 055. 86
Earnings from financing products	2, 093, 233. 10	
Total	535, 500. 67	2, 875, 742. 20

(XL) 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	
Government grants	4, 229, 841. 97	6, 439, 620. 12	4, 229, 841. 97
payment of Fuao Car Parts Co., Ltd (previous Guangdong Shengrun Group Co., Ltd)	3, 554, 722. 34		3, 554, 722. 34
Others	110, 363. 35	287, 626. 02	110, 363. 35
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
Shenzhen Economic and Trade and Information Technology Commission	Shenzhen Economic and Trade and Information Technology Commission	Subsidy	Subsidy for industries the country encourage and support (according to national	N	N		330, 000. 00	Income relatively

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- special fund projects for funding			policy)					
Shenzhen Economic Trade and Information Technology Commission - loan interest	Shenzhen Economic and Trade Information Technology Commission	Subsidy	Subsidy for industries the country encourage and support (according to national policy)	N	N		110,000.00	Income relatively
Shenzhen Finance Committee - enterprises loan interest	Shenzhen Finance Committee	Subsidy	Subsidy for industries the country encourage and support (according to national policy)	N	N		789,700.00	Income relatively
Longgang District, Science and Technology - Award for supporting	Longgang District Economic Promotion Bureau	Award	Subsidy for industries the country encourage and support (according to national policy)	N	N		300,000.00	Income relatively
Market Supervisory Authority - 2013 9th batch of patent fees funded	Shenzhen Market Supervisory Authority	Subsidy	Subsidy for industries the country encourage and support (according to national policy)	N	N		4,000.00	Income relatively
Finance Bureau - special grants	Longgang District Economic Promotion Bureau	Subsidy	Subsidy for industries the country encourage and support (according to national policy)	N	N		500,000.00	Income relatively

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Finance Bureau - key energy projects energy audit subsidy payments	Shenzhen Development and Reform Commission	Subsidy	Subsidy for industries the country encourage and support (according to national policy)	N	N		50,000.00	Income relatively
Shenzhen Market Supervision Administration - Patent Application for funding	Shenzhen Market Supervisory Authority	Subsidy	Subsidy for industries the country encourage and support (according to national policy)	N	N		8,000.00	Income relatively
Shenzhen Market Administration - 2014 second batch of patent fees funded	Shenzhen Market Supervisory Authority	Subsidy	Subsidy for industries the country encourage and support (according to national policy)	N	N		4,000.00	Income relatively
New Process for preparing herbal tea juice concentrate industrialization project grants	Shenzhen Economic and Trade and Information Technology Commission	Subsidy	Subsidy for research and development, technological upgrading and transformation	N	N		1,400,000.00	Income relatively
Shenzhen Finance Committee - 2008 VAT subsidy payments	Shenzhen State Taxation Bureau	Subsidy	Subsidy for industries the country encourage and support (according to national policy)	N	N		201,700.00	Income relatively
Shenzhen Finance Committee -	Shenzhen State Taxation	Award	Subsidy for industries the country	N	N		441,700.00	Income relatively

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2009 VAT subsidy payments	Bureau		encourage and support (according to national policy)					
Guangdong Province Finance Bureau - special grants	Longgang District Economic Promotion Bureau	Subsidy	Subsidy for industries the country encourage and support (according to national policy)	N	N		200,000.00	Income relatively
Longgang District, - Enterprise foster innovation grants	Shenzhen Municipal Science and Technology Innovation Council	Subsidy	Subsidy for industries the country encourage and support (according to national policy)	N	N		100,000.00	Income relatively
Market Supervisory Authority - Patent Application for funding	Shenzhen Market Supervisory Authority	Subsidy	Subsidy for industries the country encourage and support (according to national policy)	N	N		5,000.00	Income relatively
Shenzhen Market Supervision Bureau - 2013 ninth batch of patent fees	Shenzhen Market Supervisory Authority	Subsidy	Subsidy for industries the country encourage and support (according to national policy)	N	N		4,000.00	Income relatively
Technology Bureau - ecological tea and clean production projects	Shenzhen Municipal Science and Technology Innovation Council	Award	Subsidy for industries the country encourage and support (according to	N	N		90,000.00	Income relatively

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grants			national policy)					
WestLake District Green Farm Bureau - renewal grants	Shenzhen State Taxation Bureau	Award	Subsidy for industries the country encourage and support (according to national policy)	N	N		21,550.00	Income relatively
2013 provincial agricultural industrialization project funding - Brand award	Shenzhen Development and Reform Commission	Subsidy	Subsidy for research and development, technological upgrading and transformation	N	N		200,000.00	Income relatively
2012 provincial project funding for Tea	Shenzhen Economic Trade and Information Technology Commission	Subsidy	Subsidy for research and development, technological upgrading and transformation	N	N		40,000.00	Income relatively
National Spark Program project funds	Shenzhen water conservation office	Award	Subsidy for industries the country encourage and support (according to national policy)	N	N		200,000.00	Income relatively
Incentive to increase output increase	Shenzhen Market & Supervision Administration	Subsidy	Subsidy for industries the country encourage and support (according to national policy)	N	N		56,300.00	Income relatively
Export	Wuyuan	Subsidy	Due	N	N		14,629.00	Income

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incentives, development funds, etc.	County Finance Bureau		allowance in line with local government and other local investment support policies					relatively
Deferred income transfer-in				N	N	1,443,841.97	1,369,041.12	Income relatively
Shenzhen Economic Trade and Information Technology Commission - business loan interest	Shenzhen Economic Trade and Information Technology Commission	Subsidy	Subsidy for industries the country encourage and support (according to national policy)	N	N	800,000.00		Income relatively
Agricultural development projects - solid milk product development and industrialization of grants (SJMNXZi [2014] No. 397)	Shenzhen Economic Trade and Information Technology Commission	Subsidy	Subsidy for research and development, technological upgrading and transformation	N	N	1,400,000.00		Income relatively
Water conservation unit award	Shenzhen water conservation office	Award	Subsidy for industries the country encourage and support (according to national policy)	N	N	20,000.00		Income relatively
Longgang District, Enterprise	Shenzhen Municipal Science and	Subsidy	Subsidy for industries the country	N	N	100,000.00		Income relatively

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foster innovation grants	Technology Innovation Council		encourage and support (according to national policy)					
Market Supervisory Authority, 2015 the second batch of patent fees funded	Shenzhen Market Supervisory Authority	Subsidy	Subsidy for industries the country encourage and support (according to national policy)	N	N	4,000.00		Income relatively
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	N	N	100,000.00		Income relatively
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	N	N	300,000.00		Income relatively
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	N	N	60,000.00		Income relatively
Market	Shenzhen	Subsidy	Subsidy for	N	N	2,000.00		Income

Supervision Bureau - Patent funded subsidies	Market Supervisory Authority (Administration)		research and development, technological upgrading and transformation					relatively
Total	--	--	--	--	--	4,229,841.97	6,439,620.12	

(XLI) Non-operating expenditure

In RMB

Item	Current Period	Last Period	Amount reckoned into current non-recurring gains/losses
non-current assets disposal losses	37,081.52	92,423.53	37,081.52
Including: fixed assets disposal losses	37,081.52	92,423.53	37,081.52
Other	48,471.34		48,471.34
Total	85,552.86	92,423.53	85,552.86

(XLII) Income tax expense

1. Statement of income tax expenses

In RMB

Item	Current Period	Last Period
Current income tax expenses	3,639,662.36	4,205,712.83
Deferred income tax expenses	-1,104,160.06	-277,838.15
Total	2,535,502.30	3,927,874.68

2. Adjustment process of accounting profit and income tax expenses

In RMB

Item	Current Period
Total profit	-40,425,049.61
Income tax expenses calculated by statutory tax rate	-10,106,262.40
Impact from different tax rate apply with the subsidiary	587,910.59
Impact from previous income tax adjusted	-158,911.70
Cost, expenses and loss which are not deductible	1,783,981.79
Losses deductible of the deferred income tax assets unrecognized before period of use	10,423,794.00
Other	4,990.02
Income tax expense	2,535,502.30

(XLIII) Annotation of cash flow statement

1. Cash received with other operating activities concerned

In RMB

Item	This Period	Last Period
Interest income	2,576,848.29	4,303,434.01

Government grants	2,786,000.00	5,070,579.00
Intercourse funds and other	10,475,762.12	10,444,530.84
Total	15,838,610.41	19,818,543.85

2. Cash paid with other operating activities concerned

In RMB

Item	This Period	Last Period
Expenses	51,218,781.80	47,373,332.15
Intercourse funds and other	18,642,044.27	2,228,702.62
Total	69,860,826.07	49,602,034.77

3. Cash received with other financing activities concerned

In RMB

Item	This Period	Last Period
Sales of odd lots from increase by transferring	230.92	3,988.15
Total	230.92	3,988.15

(XLIV) 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	-42,960,551.91	14,126,191.37
Add: Impairment provision for assets	5,935,366.64	776,603.62
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	23,999,350.40	20,939,892.06
Amortization of intangible assets	7,108,702.82	6,869,055.37
Amortization of long-term deferred expenses	5,330,179.56	6,720,746.59
Loss from disposal of fixed assets, intangible assets and other long-term assets (income is listed with "-")	37,081.52	91,423.53
Loss of disposing fixed assets (income is listed with "-")		
Loss from change of fair value (income is listed with "-")	-1,808,657.11	-642,447.39
Financial expenses (income is listed with "-")	299,768.01	3,075,813.86
Investment loss (income is listed with "-")	-535,500.67	-2,875,742.20
Decrease of deferred income tax assets (increase is listed with "-")	-1,480,656.78	-325,588.83
Increase of deferred income tax liability (decrease is listed with "-")	376,496.72	-47,750.68
Decrease of inventory (increase is listed with "-")	-45,497,989.34	-15,432,146.52

Decrease of operating receivable accounts(increase is listed with “-”)	13,424,656.96	12,684,247.30
Increase of operating payable accounts(decrease is listed with “-”)	-10,191,335.91	-20,517,185.63
Net cash flow arising from operating activities	-45,963,089.09	25,443,112.45
2.Material investment and financing not involved in cash flow:	--	--
3.Net change of cash and cash equivalents	--	--
Balance of cash at period end	147,513,887.15	266,847,778.44
Less: Balance of cash at year-begin	266,847,778.44	243,452,272.91
Net increasing of cash and cash equivalents	-119,333,891.29	23,395,505.53

2. Constitution of cash and cash equivalent

In RMB

Item	Closing balance	Opening balance
I. Cash	147,513,887.15	266,847,778.44
Including: Cash on hand	184,337.59	100,531.08
Bank deposit available for payment at any time	147,329,549.56	266,747,247.36
III. Balance of cash and cash equivalent at year-end	147,513,887.15	266,847,778.44

(XLV) Assets with ownership or use right restricted

In RMB

In RMB	In RMB	In RMB
Monetary capital	500,000.00	Deposit
Fixed assets	21,721,212.36	Pledge
Total	22,221,212.36	--

(XLVI) Foreign currency monetary items

Foreign currency monetary items

In RMB

Item	Ending foreign currency balance	Exchange rate convert	Ending balance of RMB converted
Monetary fund			
Including: USD	375,148.02	6.4936	2,436,061.18
HKD	98,801.18	0.8378	82,775.63
Account receivable			
Including: USD	345,733.03	6.4936	2,245,052.00
Accounts payable			
Including: USD	962,265.00	6.4936	6,248,564.00

VII. Change of consolidation scope

Changes in the scope of consolidation for other reasons

Description of other causes (eg, the new subsidiary, the subsidiary liquidation etc.) and relevant circumstances:

Newly included in the scope of consolidation

Company	Reason for change
Jufangyong Trading	Newly established
Yunnan Supply Chain	Newly established
Shenbao Shengyuan	Newly established

IX. Equity in other entity

(I) Equity in subsidiary

1. Constitute of enterprise group

Subsidiary	Main operation place	Registered place	Business nature	Share-holding ratio		Acquired way
				Directly	Indirectly	
Shenbao Huacheng	Shenzhen	Shenzhen	Manufacturing	100.00%		Establishment
Wuyuan Jufangyong	Shangrao	Shangrao	Manufacturing	100.00%		Establishment
Shenbao Sanjing	Huizhou Huizhou	Shenzhen	Manufacturing	100.00%		Establishment
Huizhou Shenbao Technologies	Huizhou	Huizhou	Comprehensive	100.00%		Establishment
Shenbao Properties	Shenzhen	Shenzhen	Property management	100.00%		Establishment
Shenbao Industrial Trading & 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
Shenbao Yuxing	Wuyishan	Wuyishan	Manufacturing		51.75%	Establishment
Fuhaitang Ecological	Hangzhou	Hangzhou	Planting, production and sales of tea		92.00%	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	Pu'er	Pu'er	Trading,	100.00%		Establishment

Chain			wholesale			
Shenbao Shengyuan	Beijing	Beijing	Trading, wholesale		51.00%	Establishment

2. Important non-wholly-owned subsidiary

In RMB

Subsidiary	Share-holding ratio of minority	Gains/losses attributable to minority in the Period	Dividend distribute for minority in the Period	Accumulated equity of minority at period-end
Shenbao Yuxing	48.25%	-3,198,041.35		16,537,030.22
Shenzhen Shenbao Tea Culture	35.00%	-3,675,261.76		1,545,453.39

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
Shenbao Yuxing	40,725,648.33	19,085,286.42	59,810,934.75	25,537,296.98	0.00	25,537,296.98	42,956,145.94	19,469,179.80	62,425,325.74	21,523,623.00	0.00	21,523,623.00
Shenzhen Shenbao Tea Culture	8,950,352.67	6,874,332.58	15,824,685.25	11,409,104.13		11,409,104.13	7,444,420.18	37,991.44	7,482,411.62	66,082.62		66,082.62

In RMB

Subsidiary	Current Period				Last Period			
	Operation Income	Net profit	Total comprehensive income	Cash flow from operation activity	Operation Income	Net profit	Total comprehensive income	Cash flow from operation activity
Shenbao Yuxing	6,407,465.60	-6,628,064.97	-6,628,064.97	-5,582,045.67	18,123,279.24	1,719,606.39	1,719,606.39	-7,861,659.05
Shenzhen Shenbao Tea Culture	3,247,547.79	-10,500,747.88	-10,500,747.88	-3,542,221.12		-83,671.00	-83,671.00	-594,046.94

(II) Equity in joint venture and cooperative enterprise

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

In RMB

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

Total investment book value	7,034,953.91	1,042,686.34
Total numbers measured by share-holding ratio	---	---
-- Net profit	-1,557,732.43	22,686.34
-- Total comprehensive income	-1,557,732.43	22,686.34

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	6,337,663.92	695,806.50	7,033,470.42

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.

(I) 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 2015, the top five client's account receivable takes 25.89% in total account receivable of the Company (2014: 42.67%)

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

(II) 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.

(III) Market risk

1. Exchange risk

The major operation of the Company is located in the PRC, and its major operation is settled in Renminbi. However, there is also exchange risk in respect of the recognized foreign currency assets and liabilities and future foreign currency transactions which are mainly denominated in US dollar. Our finance department is responsible for monitoring scale of foreign currency assets and liabilities and foreign currency transactions, to minimize its

exposure to exchange risks. In 2014 and 2013, the Company did not sign any forward exchange contract or monetary exchange contract.

2. Interest risk

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

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

3. Price risk

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

XI. Disclosure of fair value

(I) 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	---	---	---	---
(1) Equity instrument investment	3, 586, 352. 90			3, 586, 352. 90
II. Non-persistent measure	---	---	---	---

(II) Recognized basis for the market price sustaining and non-persistent measured by fair value on first-order

Public tradable price

XII. Related party and related transactions

(I) 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.	1,696,964,100	19. 09%	19. 09%

Ultimate controller is Shenzhen SAC.

(II) Subsidiary

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

(III) Cooperative enterprise and joint venture

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

(IV) 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 Gongfu Baiwei Investment Limited	Minority shareholder of the Holding subsidiary
Shenzhen Longdimei Investment Management Co., Ltd.	Minority shareholder of the Holding subsidiary
Beijing Yuding Shengyuan Trading Company	Minority shareholder of the Holding subsidiary

(V) 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
Wuyishan City, Fujian Province Yuxing Tea Co., Ltd.	Purchase of tea			N	4, 473, 504. 27
Beijing Yuding Shengyuan Trading Company	Purchase of tea products	3, 912, 056. 82		N	

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	195, 126. 50
Shenzhen Shichumingmen Restaurant Management Co., Ltd.	Activity service	347, 876. 17	
Yunnan Pu'er Tea Trading Center Co., Ltd.	Sales of tea	27, 664. 96	
Shenzhen Longdimei Investment Management Co., Ltd.	Sales of tea products	14, 425. 64	

2. Related lease

As a lessor for the Company:

In RMB

Lessor	Assets type	Lease income in recognized in the Period	Lease income in recognized last the Period
Fujian Wuyishan Yuxing Tea Co., Ltd.	Production plant	500, 000. 00	406, 666. 67

As a lessee for the Company:

Fujian Wuyishan Yuxing Tea Co., Ltd. rent-out the production plant, located in Huanglongzhou, Huangbo Village, Wuyi street, Wuyishan City, Fujian Province, with rental of RMB 500000, the pricing of the related transaction based on the market price.

(VI) Balance of intercourse funds between related parties

1. Account receivable

In RMB

Item	Related party	Closing balance	Opening balance
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		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable	Shenzhen Agricultural Products Co., Ltd.	14,550.00		50,258.00	
Account receivable	Shenzhen Shichumingmen Restaurant Management Co., Ltd.	143,325.00			
Other account receivable	Changzhou Shenbao Chacang E-commerce Co., Ltd	19,103,954.35	8,197,820.07	18,598,494.94	2,497,820.07
Other account receivable	Yunnan Pu'er Tea Trading Center Co., Ltd.	40.00		508,525.68	
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			

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
Accounts payable	Beijing Yuding Shengyuan Trading Co., Ltd	931,064.26	
Other account payable	Shenzhen Investment Management Company	3,510,297.20	3,510,297.20
Other account payable	Wuyi Yuxing Tea Industry Co., Ltd	3,500,000.00	
Other account payable	Wuyi Yuxing Tea Industry Co., Ltd	500,000.00	
Other account payable	Beijing Yuding Shengyuan Trading Co., Ltd	245,598.44	

(VII) Related party commitments

1. Based on 31 Dec 2015 entered into a share transfer agreement, the subsidiary of the Company Shenzhen Huacheng its 51% stake in Shenbao Shengyuan transfer to Beijing Yuding Shengyuan Trading Company in 3.825 million yuan. Agreement: Beijing Yuding Shengyuan Trading Company shall sign the agreement on the date of 30 working days to pay 40% of the equity transfer, namely 1.53 million yuan, the agreement signed within 60 working days from the date of payment of 30% of the equity namely 1.1475 million yuan, in agreement pay within 90 days from the date of payment of the remaining 30% equity, that is 1.1475 million yuan, all the equity transfer shall be paid off within 90 working days from the date of signing this agreement. As of the report date of issue, all the money has been recovered. Not industrial and commercial registration.

2. According to the joint venture contract signed on August 28, 2012, signed Wuyishan Yuxing Tea Limited (referred to as "Yuxing Tea Company") is committed to the joint venture company Yuxing Shenbao 2013 annual sales of RMB 13,670,000 and net profit of not less than 1,36700 yuan; 2014 annual sales reached RMB 17090000 and net profit of not less than 170900 yuan; 2015 annual sales reached RMB 21360000, net profit of not less than RMB 213600 yuan. Whether caused by any reason, if the company's net profit Shenbao not reach Yuxing Yuxing tea company promises number Yuxing tea company more cash to make up the difference between the net commitments. 2015 failed to achieve the above commitments, as of this date has not yet received the report issued by the supplement section.

XIII. Commitment or contingency

The Company has no commitment or contingency that needs to disclose up to 31st December 2015.

XIV. Event after balance sheet date

1. Based on 31 Dec 2015 entered into a share transfer agreement, the subsidiary of the Company Shenzhen Huacheng its 51% stake in Shenbao Shengyuan transfer to Beijing Yuding Shengyuan Trading Company in 3.825 million yuan. Agreement: Beijing Yuding Shengyuan Trading Company shall sign the agreement on the date of 30 working days to pay 40% of the equity transfer, namely 1.53 million yuan, the agreement signed within 60 working days from the date of payment of 30% of the equity namely 1.1475 million yuan, in agreement pay within 90 days from the date of payment of the remaining 30% equity, that is 1.1475 million yuan, all the equity transfer shall be paid off within 90 working days from the date of signing this agreement. As of the report date of issue, all the money has been recovered. Not industrial and commercial registration.

2. The profit distribution plan that deliberated and approved on 22 Apr 2016 by the Board is: based on total stock issue of 301,080,184 up to 31 Dec 2015, carried out 5 shares from capital reserves for every 10-share hold by all shareholders with total 150,540,092 shares. After transfer, total capital share reaches 451,620,276. 0 cash dividend and 0 bonus share issued. The distribution plan can only be carried out after approval of general meeting of shareholders.

XV. Other important events

According to the construction cooperation agreement entered into between the Company and Shenzhen Jitai Industrial Development Co., Ltd. ("Jitai Industrial Corporation"), the parcel of land owned by the Company at Wenjin North Road, Luohu District, Shenzhen (No.: H307-0018) was developed by Jitai Industrial Corporation as office building for its own use. The Company is not obliged to make any further investment nor to assume any cost in respect of this construction project. And Jitai Industrial Corporation is responsible for inject and assume all the capital needed for project construction. Based on the land appraisal value as stated in the document No. H307-0018, the Company determines RMB42,000,000 as the basis for property allocation of this construction project. Property allocation proportion attributable to the Company: based on the land appraisal value as stated in the document No. H307-0018, the proportion of RMB42,000,000 to the total cost of this construction project (namely RMB42,000,000 + all audited capital injected by Jitai Industrial Corporation for the construction project); if the proportion is less than 20%, then the lowest property allocation proportion attributable the Company is 20%. In December 2012, parties to this cooperation agreed to cancel the purpose of "office building for own use", and in stead change to commercial property named "Jadite Apartment". Commercial properties of this project commenced move-in since 26 October 2014. Joint arrangement principles are appropriate for "Jadite Apartment" project. As of 31 December 2015, sales revenue attributable to the Company is RMB153,720,478.00.

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

(I) 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	32,750,969.68	99.91%	386.50	0.00%	32,750,583.18	66,943,637.46	99.96%	170.00	0.00%	66,943,467.46
Account receivable with single minor amount but withdrawal bad debt provision for single item	28,453.08	0.09%	28,453.08	100.00%		28,453.08	0.04%	28,453.08	100.00%	
Total	32,779,422.76	100.00%	28,839.58	0.09%	32,750,583.18	66,972,090.54	100.00%	28,623.08	0.04%	66,943,467.46

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	32,746,639.68		
1-2 yeas	930.00	46.50	5.00%
2-3 years	3,400.00	340.00	10.00%
Total	32,750,969.68	386.50	

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:

Applicable Not applicable

2. Bad debt provision accrual, collected or reversed

Bad debt provision accrual of RMB 216.50; bad debt provision collected or reversed of RMB 0

3. 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	---

(II) 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	18,473,954.35	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	212,514,350.70	89.87%	46,072.65	0.02%	212,468,278.05	229,262,757.38	97.67%	2,523,701.90	1.10%	226,739,055.48
Other account receivable with single minor amount but withdrawal bad debt provision for single item	5,472,398.91	2.31%	5,472,398.91	40.08%		5,472,398.91	2.33%	5,472,398.91	100.00%	
Total	236,460,703.96	100.00%	13,653,291.62	5.77%	222,807,412.34	234,735,156.29	100.00%	7,996,100.81	3.41%	226,739,055.48

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	18,473,954.35	8,134,820.06	44.03%	estimated due received maybe lower than book balance
Total	18,473,954.35	8,134,820.06	--	--

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			
Within 1 year	212,008,834.60		0.00%
1—2 yeas	297,547.69	14,877.39	5.00%
2—3years	198,684.54	19,868.45	10.00%
Over 3 years	207,968.41	31,195.26	15.00%
3-4 years	207,968.41	31,195.26	15.00%
Total	212,514,350.70	46,072.65	

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 5,692,755.40 Yuan; collected or reversed 0 Yuan.

3. Other receivables by nature

In RMB

Nature	Ending book balance	Opening book balance
Deposit	280,986.43	254,939.20
Intercourse accounts and other	236,179,717.53	234,480,217.09
Total	236,460,703.96	234,735,156.29

4. Top five clients of other receivable at period-end

In RMB

Company	Nature	Ending balance	Book age	Ratio in total ending balance of other receivables	Ending balance of bad bet provision
Huizhou Shenbao Technologies	Intercourse funds	153,261,499.46	Within 1 year	64.81%	
Shenbao Sanjing	Intercourse funds	57,800,000.00	Within 1 year	24.44%	
Changzhou Shenbao Chacang E-commerce Co., Ltd	Intercourse funds	18,473,954.35	*	7.81%	8,170,384.65
Shenbao Industrial Trading & Developmen	Intercourse funds	230,589.19	Within 1 year	0.10%	
Shenbao Yuxing	Intercourse funds	108,732.74	Within 1 year	0.05%	
Total	--	229,874,775.74	--	97.21%	8,170,384.65

(III) Long-term equity investment

In RMB

Items	Closing balance			Opening balance		
	Book balance	Impairment	Book value	Book balance	Impairment	Book value
Investment for subsidiary	889,110,475.04		889,110,475.04	879,110,475.04		879,110,475.04
Investment for associates and joint venture	6,629,605.34	2,927,628.53	3,701,976.81	2,927,628.53	2,927,628.53	
Total	895,740,080.38	2,927,628.53	892,812,451.85	882,038,103.57	2,927,628.53	879,110,475.04

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
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Shenbao Properties	2,550,000.00			2,550,000.00		
Shenbao Industrial Trading & Development	5,500,000.00			5,500,000.00		
Shenbao Sanjing	80,520,842.36			80,520,842.36		
Shenbao Huacheng	168,551,781.80			168,551,781.80		
Huizhou Shenbao Technologies	60,000,000.00			60,000,000.00		
Wuyuan Jufangyong	280,404,134.35			280,404,134.35		
Hangzhou Jufangyong	176,906,952.42			176,906,952.42		
Shenbao Technology Center	54,676,764.11			54,676,764.11		
Shenzhen Shenbao Investment	50,000,000.00			50,000,000.00		
Yunnan Supply Chain		10,000,000.00		10,000,000.00		
Total	879,110,475.04	10,000,000.00		889,110,475.04		

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		5,000,000.00		-1,298,023.19						3,701,976.81	
Shenzhen Shenbao (Liaoyuan)	57,628.53									57,628.53	57,628.53
Industrial Company											

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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											
Subtotal	2,927,628.53	5,000,000.00		-1,298,023.19						6,629,605.34	2,927,628.53
Total	2,927,628.53	5,000,000.00		-1,298,023.19						6,629,605.34	2,927,628.53

(IV) Operating income and operating cost

In RMB

Items	Current Period		Last Period	
	Income	Cost	Income	Cost
main business income	158,265,129.46	114,794,632.02	184,763,882.45	90,592,440.59
Other business income	4,560,000.00		2,400,000.00	0.00
合计	162,825,129.46	114,794,632.02	187,163,882.45	90,592,440.59

(V) Investment earnings

In RMB

Item	Current Period	Last Period
Investment income of long-term equity based on equity	-1,298,023.19	
Investment income from disposal of long-term equity		4,452,349.39
Earnings from financing products	2,087,479.70	
Total	789,456.51	4,452,349.39

XVII. Supplementary information

(I) Current non-recurring gains/losses

√ Applicable □ Not applicable

In RMB

Item	Amount	Statement
Gains/losses from the disposal of non-current asset	-37,081.52	
Governmental subsidy calculated into current gains and losses(while closely related with the normal business of the Company,	4,229,841.97	

excluding the fixed-amount or fixed-proportion governmental subsidy according to the unified national standard)		
Profit and loss of assets delegation on others' investment or management	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	1,808,657.11	
Other non-operating income and expenditure except for the aforementioned items	3,616,614.35	
Less: Impact on income tax	2,179,393.09	
Affect on minority equity(after taxation)	2,612.48	
Total	9,529,259.44	---

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	-3.70%	-0.1171	-0.1171
Net profits belong to common stock stockholders of the Company after deducting nonrecurring gains and losses	-4.70%	-0.1487	-0.1487

3. Difference of accounting data under CAS and IAS

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

Applicable Not applicable

In RMB

	Net profit		Net assets	
	Current Period	Last Period	Closing balance	Opening balance
By Chinese Accounting Standards	-35,256,169.10	13,323,820.43	935,622,280.75	970,878,218.93
Items and amount adjusted by IAS:				
Other adjustment on regulated funds payable in	0.00	0.00	1,067,000.00	1,067,000.00

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By International Accounting Standards	-35,256,169.10	13,323,820.43	936,689,280.75	971,945,218.93

Section X. 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 2015 Annual Report with signature of the Chairman.

Shenzhen Shenbao Industrial Co., Ltd.
Chairman of Board: Zheng Yuxi
22 April 2016