
Shanghai First Provisions Company Limited

Report for the Third Quarter of 2006

1 Important Notes

1.1 The Board of Directors and the directors guarantee that the information contained in this report is free of false records, misleading statements or significant omissions, and assume individual and joint liabilities for the truthfulness, accuracy and integrity of the report.

1.2 The independent director Ms Huang Linfang didn't attend the 16th session of the 5th Board of Directors Meeting because of other public business.

1.3 The financial statement of this quarter is not audited.

1.4 Chief Executive of the Company Mr. Wu Shunbao, as well as Accounting Supervisor Mr. Yu Jianming and Chief Accountant Ms. Pan Zhu guarantee the truthfulness and completeness of the financial statement of this quarter.

2 Company Profile

2.1 Basic Information

| Short form of the stock | First Provisions | Short form before change (If has) | G Provisions |
|-------------------------|--|-----------------------------------|--|
| Stock code | 600616 | | |
| | Secretary of the Board | | Securities affairs representative |
| Name | Zhang Liyun | | Liu Qichao |
| Contact Address | No. 579(inside Sanxin Tower), Zhangyang Road, Pudong District, Shanghai City | | No. 579(inside Sanxin Tower), Zhangyang Road, Pudong District, Shanghai City |
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2.2 Financial Data

2.2.1 Key accounting data and financial indexes (Unit: RMB)

| Items | Quarterly Ended Sept. 30 th , 2006 | Quarterly Ended Dec. 31 st , 2005 | +/- (%) |
|--|---|--|---------|
| Total assets | 2,511,990,674.05 | 2,466,765,885.01 | 1.83 |
| Shareholders' equity (minority interests excluded) | 701,188,522.42 | 612,569,295.29 | 14.47 |
| Net assets per share | 1.92 | 2.01 | -4.48 |

| | | | |
|--|--------------------|------------------|--------------------------------|
| Net assets per share (Adjusted) | 1.80 | 1.98 | -9.09 |
| | Jul.-Sept., 2006 | Jan.-Sept., 2006 | To Third Quarter of 2005 |
| Net cash flow from operating activities | - | 131,672,118.24 | - |
| Earnings per share | 0.04 | 0.34 | -63.64 |
| Return on net assets | 2.26% | 17.92% | -3.93% |
| Return on net assets after deducting non-recurring profits and losses | 2.27% | 12.16% | 0.24% |
| Non-recurring profits and losses | Amount (Unit: RMB) | | |
| Profit and loss of disposal of long-term investment, fixed assets, assets under construction, intangible assets and other long-term assets | 47,413,677.10 | | |
| Government's subsidy | 520,336.00 | | |
| Short-term investment benefits (excluding the short-term benefits acquired by financial agencies with operational qualifications certified by related bureaus) | 25,234.40 | | |
| Other items after deducting accrued asset impairment provisions according to daily enterprise accounting system | -429,960.80 | | |
| Non-operating income and expenses | | | |
| Income tax effect | -7,145,345.23 | | |
| Total | 40,383,941.47 | | |

2.2.2 Profit Statement

Unit: RMB; Un-audited

| Items | Consolidation | | Parent company | |
|--|------------------|-----------------|-----------------|-----------------|
| | Jul.-Sept, 2006 | Jul.-Sept, 2005 | Jul.-Sept, 2006 | Jul.-Sept, 2005 |
| I. Main operating revenue | 1,053,085,506.29 | 824,912,561.05 | 116,899,730.86 | 88,049,769.71 |
| Minus: operating cost | 890,982,313.25 | 700,839,218.02 | 100,280,888.04 | 69,576,335.61 |
| Taxes and associate charges | 6,593,284.25 | 5,385,309.22 | 620,632.97 | 447,639.33 |
| II. Main operating profit ("-" for loss) | 155,509,908.79 | 118,688,033.81 | 15,998,209.85 | 18,025,794.77 |
| Plus: Profits from other business ("-" for loss) | 8,452,714.56 | 5,971,528.38 | 1,584,841.51 | 987,022.13 |
| Minus: Operating expenses | 77,646,768.08 | 65,140,065.06 | 7,860,569.77 | 7,022,228.93 |
| Administrative expenses | 32,766,143.35 | 30,873,378.45 | 10,768,895.13 | 10,995,641.90 |
| Financial expenses | 8,762,171.02 | 8,926,651.01 | 1,300,597.97 | 2,092,909.70 |
| III. Operating | 44,787,540.90 | 19,719,467.67 | -2,347,011.51 | -1,097,963.63 |

| | | | | |
|---|---------------|---------------|---------------|---------------|
| profits ("-" for loss) | | | | |
| Plus: investment income ("-" for Loss) | -576,225.24 | -146,852.26 | 17,542,305.93 | 10,964,784.39 |
| Subsidy income | | | | |
| Non-operating incomes | 37,531.85 | 28,453,837.84 | 3,000.00 | 28,341,428.09 |
| Minus: non-operating expenses | 390,549.72 | 1,030,531.06 | -9,930.00 | 43,812.20 |
| IV. Total profits ("-" for loss) | 43,858,297.79 | 46,995,922.19 | 15,208,224.42 | 38,164,436.65 |
| Minus: Income tax | 11,151,312.78 | 10,332,044.55 | -148,745.44 | 3,549,169.71 |
| Minority interest income | 20,592,617.25 | 2,467,705.27 | | |
| Plus: unconfirmed investment loss during the period | 3,701,030.20 | 456,258.42 | | |
| V. Net profits ("-" for loss) | 15,815,397.96 | 34,652,430.79 | 15,356,969.86 | 34,615,266.94 |

Unit: RMB; Un-Audited

| Items | Consolidation | | Parent company | |
|---|------------------|------------------|-----------------|-----------------|
| | Jul.-Sept, 2006 | Jul.-Sept, 2005 | Jul.-Sept, 2006 | Jul.-Sept, 2005 |
| I. Main operating revenue | 3,472,304,870.25 | 2,914,718,433.86 | 351,392,518.80 | 307,715,725.78 |
| Minus: operating cost | 2,854,470,040.47 | 2,429,584,109.00 | 292,261,576.67 | 239,728,924.17 |
| Taxes and associate charges | 24,575,180.09 | 20,323,958.92 | 1,694,661.76 | 1,538,684.39 |
| II. Main operating profit ("-" for loss) | 593,259,649.69 | 464,810,365.94 | 57,436,280.37 | 66,448,117.22 |
| Plus: Profits from other business ("-" for loss) | 30,495,025.70 | 18,759,677.62 | 3,518,389.99 | 1,804,403.34 |
| Minus: operating expenses | 257,793,275.53 | 200,767,984.92 | 25,029,269.34 | 19,118,227.08 |
| Administrative expenses | 118,267,065.09 | 91,245,615.31 | 29,979,982.90 | 25,900,232.43 |
| Financial expenses | 26,634,527.41 | 27,292,378.57 | 4,162,035.03 | 6,585,694.86 |
| III. Operating profits ("-" for loss) | 221,059,807.36 | 164,264,064.76 | 1,783,383.09 | 16,648,366.19 |

| | | | | |
|---|----------------|----------------|----------------|----------------|
| Plus: investment income (“-” for Loss) | 41,418,390.26 | 1,942,354.40 | 134,295,390.29 | 76,711,900.35 |
| Subsidy income | 520,336.00 | 2,998,697.63 | | |
| Non-operating incomes | 228,509.24 | 28,693,847.25 | 4,164.72 | 28,346,061.89 |
| Minus: non-operating expenses | 6,256,883.97 | 1,463,741.46 | 1,754,049.16 | 78,241.88 |
| IV. Total profits (“-” for loss) | 256,970,158.89 | 196,435,222.58 | 134,328,888.94 | 121,628,086.55 |
| Minus: Income tax | 65,099,055.02 | 45,462,120.20 | 8,676,910.03 | 5,583,273.81 |
| Minority interest income | 72,788,578.64 | 34,576,017.74 | | |
| Plus: unconfirmed investment loss during the period | 6,542,955.31 | 29,600.22 | | |
| V. Net profits (“-” for loss) | 125,625,480.54 | 116,426,684.86 | 125,651,978.91 | 116,044,812.74 |

2.3 Total number of shareholders and the top 10 shareholders holding unrestricted shares at the end of the period (having finished equity division reform)

| | | |
|--|---|--|
| Total number of shareholders, Sept. 30th, 2006 | 12,072 | |
| Top 10 shareholders of unrestricted tradable shares | | |
| Name of share holders (full name) | Number of unrestricted tradable shareholders at the end of the period | Type of Shares (A, B, H or other shares) |
| China Peace Life Insurance (Stock) Co., Ltd.—dividend--Inbank dividend | 10,011,501 | A-Share |
| Yinfeng Securities Investment Fund | 7,717,590 | A-Share |
| Hongyang Securities Investment Fund | 6,681,004 | A-Share |
| Bank of China—Huaxia Bank Return No. Two Securities Investment Fund | 5,006,896 | A-Share |
| JF Assets Management Ltd.--JF China Pioneer A-share Fund | 4,460,390 | A-Share |
| MERRILL LYNCH International | 4,148,752 | A-Share |
| ICBC--CCB Optimal Growth Equity Securities Investment Fund | 4,043,407 | A-Share |
| China Merchants Securities- Standard Chartered- ING BANK N.V. | 3,944,771 | A-Share |
| China Life Insurance Co., Ltd.—dividend--individual dividend--005L--FH002 Shanghai | 3,915,105 | A-Share |
| Xinghua Securities Investment Fund | 3,804,692 | A-Share |

3 Discussion and Analysis of the Management Staff

3.1 Brief analysis on operating results during the reporting period

The main business of the company involves food stuff, non-staple food, grain & oil, tobacco and wine, restaurant, yellow rice wine production and operation, sugar manufacture and vendition, storage and freight, rental, export business, advertisement design and manufacture and entertainment. During the reporting period, a major business revenue of RMB 1,053,085.5 thousand and a net profit of RMB 15, 815.4 thousand were received.

3.1.1 Core business or products accounting for over 10 percent of the revenue or profit

Applicable Not applicable

Unit: RMB; Un-audited

| | Revenue | Cost | Gross Profit Margin |
|---|--------------|-----------|---------------------|
| Prime operations by industry | | | |
| Yellow rice wine manufacture and operation | 8,737.55 | 4,060.90 | 53.52% |
| Sugar manufacture and operation | 12,172.18 | 8,795.82 | 27.74% |
| Food stuff vendition | 84,309.62 | 76,217.69 | 9.60% |
| Including: associated transactions | 22,340.56 | 17,309.86 | 22.52% |
| Pricing principles of associated transactions | Market price | | |

3.1.2 Seasonal or periodical characteristics of the company's operations

Applicable Not applicable

This reporting period is in off season for yellow rice wine and sugar.

3.1.3 Profit composition during the reporting period (key alternations of the percentage of prime business profits, profits of other businesses, expenses, investment benefits, subsidize incomes and net non-operating incomes in the total profits compared to the previous reporting period, and the reasons)

Applicable Not applicable

3.1.4 Major changes of prime operations and the structure compared to the previous reporting period, and the reasons

Applicable Not applicable

| Items | Jul.-Sept, 2006 | | Jan.-Jun, 2006 | | Changes (%) |
|--|--------------------------------------|--------|--------------------------------------|--------|-------------|
| | Revenue from main operating business | Shares | Revenue from main operating business | Shares | |
| Revenue from main business | 105,308.55 | 100 | 241,921.94 | 100 | |
| Including: yellow rice wine manufacturing and operation | 8,737.55 | 8.30 | 28,736.95 | 11.88 | -3.58 |
| Sugar manufacturing | 12,172.18 | 11.56 | 33,651.58 | 13.91 | -2.35 |

| | | | | | |
|-------------------------|-----------|-------|------------|-------|------|
| and operation | | | | | |
| Food stuff vendition | 84,309.62 | 80.06 | 179,365.11 | 74.14 | 5.92 |

Due to the fact that this reporting period was in off season for yellow rice wine and sugar, the structure of prime business alternated correspondently.

3.1.5 Major changes of the profit margin of prime operations compared to the previous reporting period, and the reasons

Applicable Not applicable

The overall gross profit margin of this reporting period is 15.39%, down 3.45% over the previous reporting period resulted from the declined sales volume of yellow rice wine & sugar and the ever-increased price of raw materials.

3.2 Analysis on major events, the impacts and solutions

Applicable Not applicable

Associated transactions related to daily operation

1. Major associated transactions paid for goods and labor

(1) The transaction value associated with goods purchase from Jan. to Sept. was RMB 57,820.4 thousand, among which major associated transactions are as follows:

Unit: RMB thousand

| Name of associated party | Transaction content | Pricing principal | Transaction value | Proportion of similar transactions | Payment method |
|---|---------------------|-------------------|-------------------|------------------------------------|-----------------------------|
| Shanghai Jieqiang Tobacco Sugar & Wine (Group) Co., Ltd | Food stuff | Market price | 42,757.3 | 1.50% | Payment in foreign exchange |
| Shanghai Longzun Fermentation Co., Ltd | Food stuff | Market price | 7,879.6 | 0.28% | Payment in foreign exchange |
| Shanghai LIGEIER Foodstuff Co., Ltd | Food stuff | Market price | 3,858.9 | 0.14% | Payment in foreign exchange |

(2) Major associated transactions on sales of goods and rendering of labor

The transaction value associated with goods purchase from Jan. to Sept. was RMB 57,820.4 thousand, among which major associated transactions are as follows:

Unit: RMB thousand

| Name of connected party | Transaction content | Pricing principal | Transaction value | Proportion of similar transactions | Payment method | Effect on profits |
|-----------------------------|---------------------|-------------------|-------------------|------------------------------------|----------------|-------------------|
| Shanghai Fuer Network Sales | Yellow rice wine | Market price | 74,788.8 | 19.96% | Payment in | 7.14% |

| | | | | | | | |
|---|------------|-----------------|---------------|--------|---|-------------------------|--|
| Limited | | | | | | foreign exchan ge | |
| Shanghai Oriental Lead Foodstuff Materials Co., Ltd | Sugar | Market price | 229,925. 2 | 50.18% | Payme nt in foreign exchan ge | 11.78% | |
| Oriental Lead Sugar & Wine Co., Ltd | Sugar | Market price | 179,906. 9 | 39.26% | Payme nt in foreign exchan ge | 8.32% | |
| Oriental Lead (Guangxi) Sugar & Wine Co., Ltd | Sugar | Market price | 8,425.1 | 1.84% | Payme nt in foreign exchan ge | 0.43% | |
| Shanghai Xin Jingjie Foodstuff Trading Co., Ltd | Food stuff | Market price | 88,255.4 | 3.35% | Payme nt in foreign exchan ge | 1.23% | |
| Beijing Jingpu Shengrui Foodstuff Co., Ltd | Food stuff | Market price | 8,771.9 | 0.33% | Payme nt in foreign exchan ge | 0.12% | |

On April 12th 2006, the 24th shareholders' general meeting examined and approved *the proposal on the applying to the shareholders' general meeting for the authorization to examine and approve the sustainable related transactions in 2006 by BOD*. According to the proposal, the company will continuously deal with associated transactions with the controlling shareholder Shanghai Sugar, Cigarette & Wine (Group) Co., Ltd and its subsidiaries from the proposal-approval date to the annual shareholders' general meeting of 2006.

The associated transactions include purchasing & selling of industrial foodstuff, food materials and other foodstuff. All the above transactions will be carried out at the fair price in the market, with an estimated sum of RMB 900 million.

2. On August 8th, the *proposal on transferring the equity of Ping An Securities Co., Ltd.* was examined and approved at the 15th session of the 5th Board of Directors Meeting. And on the same day the *contract of equity transfer* was signed between this company and Shanghai Sugar, Tobacco & Wine (Group) Co., Ltd. (More details can be found in *Notice on Connected Transactions of Equity Transfer* which was issued in *Shanghai Securities News* and *China Securities Journal*.) Ping An Securities Co., Ltd. held the second temporary shareholders meeting of 2006 on August 21st, at which related items were examined and approved such as transferring all equities of Ping An Securities Co., Ltd. from this company to Shanghai Sugar, Tobacco & Wine (Group) Co., Ltd., and other shareholders' abandoning preemptive rights under equal conditions. After audition, Shenzhen Department of China Securities Regulatory Commission issued *A Letter Expressing Unanimous Opinion on Equity Transfer of Ping An Securities Co., Ltd* on October 9th. According to the proposal on equity transfer, this agreement will come into effect on October 9th.

3.3 Changes of accounting policies, accounting estimates, consolidation scope and major accounting errors, and the reasons

Applicable Not applicable

3.4 Relevant explanations by the Board and the Supervisory Committee when getting “non-standard suggestions” after auditing

Applicable Not applicable

3.5 Warning about the possible deficit of accumulated net profit from beginning of year to end of next reporting period, or great reduction compared to the same period of last year, and the reasons

Applicable Not applicable

3.6 Rolling adjustment on the disclosed annual operation plan or budget of the company

Applicable Not applicable

3.7 Special commitments made by shareholders holding former non-circulating shares in share reform and the execution

Applicable Not applicable

| Name | Special commitment | Fulfillment of commitment |
|---|---|---|
| Shanghai Sugar, Tobacco & Wine (Group) Co., Ltd | In the following 36 months after the reform scheme was put into implementation on November 24th 2005, the original non-circulation shares held by Shanghai Sugar, Tobacco & Wine (Group) Co., Ltd were not allowed to go into the market or be transferred. | Up to the end of the reporting period, the original non-circulation shares didn't go into the market or be transferred. |

3.8 Timetable for share reform plan if have not started share reform yet

Applicable Not applicable

Shanghai First Provisions Company Limited

Legal representative: Wu Shunbao

Oct 26, 2006

4. Appendix

Balance Sheet

Sept. 30th, 2006

Name: Shanghai First Provisions Company Limited; Unit: RMB; Un-audited

| Items | Consolidation | | Parent company | |
|---|-----------------------------|-----------------------------------|-----------------------------|-----------------------------------|
| | End of the reporting period | Beginning of the reporting period | End of the reporting period | Beginning of the reporting period |
| Current assets: | | | | |
| Currency capital | 204,306,516.48 | 193,591,648.05 | 37,532,886.57 | 20,008,843.42 |
| Short-term investment | 319,467.47 | 198,903.15 | | |
| Notes receivable | 60,000,000.00 | 40,000,000.00 | | |
| Dividends receivable | | | 222,000.00 | 222,000.00 |
| Interests receivable | | | | |
| Accounts receivable | 442,667,997.27 | 466,116,805.09 | 43,199,287.16 | 58,146,815.23 |
| Other receivable | 109,165,383.86 | 119,727,635.98 | 8,614,401.44 | 64,221,885.13 |
| Prepayments | 67,346,069.39 | 64,804,120.60 | 12,075,604.85 | 10,725,006.06 |
| Subsidy receivable | 352,518.28 | 569,816.74 | 352,518.28 | 279,445.57 |
| Inventories | 862,020,026.51 | 871,979,775.48 | 52,060,167.77 | 62,126,020.20 |
| Prepaid expenses | 16,943,427.49 | 3,095,662.07 | 80,102.32 | 338,473.38 |
| Long-term bond investment due within one year | | | | |
| Other current assets | -159,427.57 | | | |
| Total current assets | 1,762,961,979.18 | 1,760,084,367.16 | 154,136,968.39 | 216,068,488.99 |
| Long-term | | | | |

| | | | | |
|--|----------------|----------------|----------------|----------------|
| investment: | | | | |
| Long-term equity investment | 99,109,208.00 | 114,980,220.72 | 659,021,215.46 | 591,370,329.63 |
| Long-term bond investment | | | | |
| Total long-term investment | 99,109,208.00 | 114,980,220.72 | 659,021,215.46 | 591,370,329.63 |
| Among which, Cost-book value differentials | 2,802,198.60 | 3,308,908.98 | | |
| Among which, Equity investment variances | | | | |
| Fixed assets: | | | | |
| Original value of fixed assets | 748,432,043.60 | 701,388,640.92 | 31,911,667.50 | 34,744,564.16 |
| Minus: accumulated depreciation | 214,474,366.57 | 179,399,699.95 | 15,724,086.68 | 14,122,170.40 |
| Net value of fixed assets | 533,957,677.03 | 521,988,940.97 | 16,187,580.82 | 20,622,393.76 |
| Minus: fixed assets depreciation reserves | 7,296,317.26 | 7,296,317.26 | | |
| Net fixed assets | 526,661,359.77 | 514,692,623.71 | 16,187,580.82 | 20,622,393.76 |
| Project goods and materials | | | | |
| Assets under construction | 83,150,513.45 | 35,915,469.91 | | 117,000.00 |
| Liquidation of fixed assets | -248,013.35 | | | |

| | | | | |
|--|------------------|------------------|----------------|----------------|
| Total fixed assets | 609,563,859.87 | 550,608,093.62 | 16,187,580.82 | 20,739,393.76 |
| Intangible assets and other assets: | | | | |
| Intangible assets | 38,105,478.22 | 36,267,622.30 | 13,800,770.48 | 14,035,766.42 |
| Long-term prepaid expenses | 2,250,148.78 | 4,825,581.21 | 1,630,052.72 | 4,042,399.57 |
| Other long-term assets | | | | |
| Total intangible assets and other assets | 40,355,627.00 | 41,093,203.51 | 15,430,823.20 | 18,078,165.99 |
| Deferred taxes: | | | | |
| Deferred tax debits | | | | |
| Total assets | 2,511,990,674.05 | 2,466,765,885.01 | 844,776,587.87 | 846,256,378.37 |
| Current liabilities | | | | |
| Short-term borrowings | 679,700,000.00 | 661,000,000.00 | 70,000,000.00 | 160,000,000.00 |
| Notes payable | 57,830,676.68 | 86,697,442.19 | | |
| Accounts payable | 538,346,528.78 | 584,711,186.09 | 28,607,316.60 | 31,643,603.73 |
| Advance receivable | 75,669,631.02 | 75,990,859.88 | 5,045,693.71 | 10,863,468.35 |
| Payroll payable | | | | |
| Welfare payable | 15,845,773.66 | 14,026,998.29 | 2,935,375.23 | 2,322,428.77 |
| Dividends payable | 1,972,444.07 | 9,849,666.70 | 941,119.08 | 1,492,966.80 |
| Taxes payable | 25,312,537.04 | 21,527,373.14 | 3,104,293.93 | 5,480,050.02 |
| Other taxes and expenses payable | 662,277.52 | 994,996.62 | 93,911.41 | 143,209.78 |
| Other payables | 33,084,370.58 | 67,788,205.49 | 24,538,132.91 | 20,078,599.42 |
| Accrued expenses | 11,390,002.84 | 1,120,084.27 | 312,862.69 | 222,850.00 |
| Accrued liabilities | | | | |
| Long-term liabilities | | | | |

| | | | | |
|-----------------------------|------------------|------------------|----------------|----------------|
| due within one year | | | | |
| Other current liabilities | | | | |
| Total current liabilities | 1,439,814,242.19 | 1,523,706,812.67 | 135,578,705.56 | 232,247,176.87 |
| Long-term liabilities: | | | | |
| Long-term borrowings | 62,000,000.00 | 61,000,000.00 | | |
| Bonds payable | | | | |
| Long-term accounts payable | | | | |
| Special accounts payable | | | | |
| Other long-term liabilities | | | | |
| Total long-term liabilities | 62,000,000.00 | 61,000,000.00 | | |
| Deferred taxes: | | | | |
| Deferred tax credit | | | | |
| Total liabilities | 1,501,814,242.19 | 1,584,706,812.67 | 135,578,705.56 | 232,247,176.87 |
| Minority interests | 308,987,909.44 | 269,489,777.05 | | |
| Owners/shareholders' equity | | | | |
| Paid-up capital (stock) | 365,559,577.00 | 304,632,981.00 | 365,559,577.00 | 304,632,981.00 |
| Minus: investment returned | | | | |
| Net paid-up capital (stock) | 365,559,577.00 | 304,632,981.00 | 365,559,577.00 | 304,632,981.00 |
| Capital reserves | 16,476,462.61 | 16,476,462.61 | 16,476,462.61 | 16,476,462.61 |

| | | | | |
|---|------------------|------------------|----------------|----------------|
| Surplus reserves | 164,074,195.07 | 164,074,195.07 | 106,224,388.22 | 106,224,388.22 |
| Among which, Legal public welfare fund | | | | |
| Undistributed profits | 162,715,335.99 | 128,479,749.55 | 220,937,454.48 | 186,675,369.67 |
| Cash dividends | | | | |
| Foreign currency statement translation | | | | |
| Minus: unconfirmed investment loss | 7,637,048.25 | 1,094,092.94 | | |
| Total owners/shareholders' equity | 701,188,522.42 | 612,569,295.29 | 709,197,882.31 | 614,009,201.50 |
| Total liabilities and owners/shareholders' equity | 2,511,990,674.05 | 2,466,765,885.01 | 844,776,587.87 | 846,256,378.37 |

Profit Statement

Name: Shanghai First Provisions Company Limited; Unit: RMB; Un-audited

| Items | Consolidation | | Parent company | |
|---------------------------|------------------|-----------------|-----------------|-----------------|
| | Jul.-Sept, 2006 | Jul.-Sept, 2005 | Jul.-Sept, 2006 | Jul.-Sept, 2005 |
| I. Main operating revenue | 1,053,085,506.29 | 824,912,561.05 | 116,899,730.86 | 88,049,769.71 |
| Minus: operating cost | 890,982,313.25 | 700,839,218.02 | 100,280,888.04 | 69,576,335.61 |
| Taxes and | 6,593,284.25 | 5,385,309.22 | 620,632.97 | 447,639.33 |

| | | | | |
|--|----------------|----------------|---------------|---------------|
| associate charges | | | | |
| II. Main operating profit ("-" for loss) | 155,509,908.79 | 118,688,033.81 | 15,998,209.85 | 18,025,794.77 |
| Plus: Profits from other business ("-" for loss) | 8,452,714.56 | 5,971,528.38 | 1,584,841.51 | 987,022.13 |
| Minus: operating expenses | 77,646,768.08 | 65,140,065.06 | 7,860,569.77 | 7,022,228.93 |
| Administrative expenses | 32,766,143.35 | 30,873,378.45 | 10,768,895.13 | 10,995,641.90 |
| Financial expenses | 8,762,171.02 | 8,926,651.01 | 1,300,597.97 | 2,092,909.70 |
| III. Operating profits ("-" for loss) | 44,787,540.90 | 19,719,467.67 | -2,347,011.51 | -1,097,963.63 |
| Plus: investment income ("-" for Loss) | -576,225.24 | -146,852.26 | 17,542,305.93 | 10,964,784.39 |
| Subsidy incomes | | | | |
| Non-operating incomes | 37,531.85 | 28,453,837.84 | 3,000.00 | 28,341,428.09 |
| Minus: | 390,549.72 | 1,030,531.06 | -9,930.00 | 43,812.20 |

| | | | | |
|--|---------------|---------------|---------------|---------------|
| non-operating expenses | | | | |
| IV. Total profits ("-" for loss) | 43,858,297.79 | 46,995,922.19 | 15,208,224.42 | 38,164,436.65 |
| Minus: income tax | 11,151,312.78 | 10,332,044.55 | -148,745.44 | 3,549,169.71 |
| Minority interest income | 20,592,617.25 | 2,467,705.27 | | |
| Plus: unconfirmed investment loss (expressed with the consolidation statement) | 3,701,030.20 | 456,258.42 | | |
| V. Net profits ("-" for loss) | 15,815,397.96 | 34,652,430.79 | 15,356,969.86 | 34,615,266.94 |

Profit Statement

Name: Shanghai First Provisions Company Limited; Unit: RMB; Un-audited

| Items | Consolidation | | Parent company | |
|---------------------------|------------------|------------------|-----------------|-----------------|
| | Jan.-Sept, 2006 | Jan.-Sept, 2005 | Jan.-Sept, 2006 | Jan.-Sept, 2005 |
| I. Main operating revenue | 3,472,304,870.25 | 2,914,718,433.86 | 351,392,518.80 | 307,715,725.78 |

| | | | | |
|--|------------------|------------------|----------------|----------------|
| Minus: operating cost | 2,854,470,040.47 | 2,429,584,109.00 | 292,261,576.67 | 239,728,924.17 |
| Taxes and associate charges | 24,575,180.09 | 20,323,958.92 | 1,694,661.76 | 1,538,684.39 |
| II. Main operating profit ("-" for loss) | 593,259,649.69 | 464,810,365.94 | 57,436,280.37 | 66,448,117.22 |
| Plus: Profits from other business ("-" for loss) | 30,495,025.70 | 18,759,677.62 | 3,518,389.99 | 1,804,403.34 |
| Minus: operating expenses | 257,793,275.53 | 200,767,984.92 | 25,029,269.34 | 19,118,227.08 |
| Administrative expenses | 118,267,065.09 | 91,245,615.31 | 29,979,982.90 | 25,900,232.43 |
| Financial expenses | 26,634,527.41 | 27,292,378.57 | 4,162,035.03 | 6,585,694.86 |
| III. Operating profits ("-" for loss) | 221,059,807.36 | 164,264,064.76 | 1,783,383.09 | 16,648,366.19 |
| Plus: investment income ("-" for Loss) | 41,418,390.26 | 1,942,354.40 | 134,295,390.29 | 76,711,900.35 |
| Subsidy incomes | 520,336.00 | 2,998,697.63 | | |

| | | | | |
|--|----------------|----------------|----------------|----------------|
| Non-operating incomes | 228,509.24 | 28,693,847.25 | 4,164.72 | 28,346,061.89 |
| Minus: non-operating expenses | 6,256,883.97 | 1,463,741.46 | 1,754,049.16 | 78,241.88 |
| IV. Total profits ("-" for loss) | 256,970,158.89 | 196,435,222.58 | 134,328,888.94 | 121,628,086.55 |
| Minus: income tax | 65,099,055.02 | 45,462,120.20 | 8,676,910.03 | 5,583,273.81 |
| Minority interest income | 72,788,578.64 | 34,576,017.74 | | |
| Plus: unconfirmed investment loss (expressed with the consolidation statement) | 6,542,955.31 | 29,600.22 | | |
| V. Net profits ("-" for loss) | 125,625,480.54 | 116,426,684.86 | 125,651,978.91 | 116,044,812.74 |

Cash Flow Statement

Jan.–Sept. 2006

Name: Shanghai First Provisions Company Limited; Unit: RMB; Un-audited

| Items | Consolidation | Parent company |
|--|------------------|-------------------|
| I. Cash flow from operating activities | | |
| Cash received from sales of goods or rendering of services | 3,996,946,938.79 | 396,878,624.51 |
| Refund of tax received | 5,085,218.74 | 5,051,817.71 |
| Other cash received relating to operating activities | 43,366,465.17 | 54,208,074.25 |
| Subtotal of cash inflows | 4,045,398,622.70 | 456,138,516.47 |
| Cash paid for goods and services | 3,280,286,914.98 | 316,213,981.84 |
| Cash paid to/for employees | 113,034,569.81 | 21,598,964.13 |
| Payments of all types of taxes | 229,978,975.88 | 23,751,961.54 |
| Other cash paid relating to operating activities | 290,426,043.79 | 18,382,920.90 |
| Subtotal of cash outflows | 3,913,726,504.46 | 379,947,828.41 |
| Net cash flow from operating activities | 131,672,118.24 | 76,190,688.06 |
| II. Cash flows from investing activities | | |
| Cash received from disposal of investments | 88,200,685.69 | 90,219,356.96 |
| Among which, Cash received from transferring the subsidiaries | 5,650,685.69 | 5,650,685.69 |
| Cash received from returns on investments | 1,129,000.00 | 16,129,000.00 |
| Net cash received from disposal of fixed assets, intangible assets and other | 589,365.00 | 40,152.00 |

| | | |
|--|----------------|----------------|
| long-term assets | | |
| Other cash received relating to investing activities | | |
| Subtotal of cash inflows | 89,919,050.69 | 106,388,508.96 |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | 116,342,762.43 | 406,799.00 |
| Cash paid to acquire investments | 355,000.00 | 39,600,000.00 |
| Other cash payments relating to investing activities | 36,478,527.91 | |
| Subtotal of cash outflows | 153,176,290.34 | 40,006,799.00 |
| Net cash flow from investing activities | -63,257,239.65 | 66,381,709.96 |
| III. Cash flows from financing activities | | |
| Cash received from investment | 5,970,000.00 | |
| Among which, cash received from minority shareholders' investments by subsidiaries | 5,970,000.00 | |
| Cash received from borrowings | 885,700,000.00 | 90,000,000.00 |
| Other cash received relating to financing activities | | |
| Subtotal of cash inflows | 891,670,000.00 | 90,000,000.00 |
| Cash repayments of amounts borrowed | 881,000,000.00 | 180,000,000.00 |
| Cash payments for interest expenses and distribution of dividends and profits | 67,989,991.70 | 34,946,008.32 |
| Among which, share interest paid for minorities | | |
| Other cash payments relating to financing activities | | |
| Among which, Cash paid for minorities by subsidiaries after reducing capital legally | | |

| | | |
|---|----------------|-----------------|
| Subtotal of cash outflows | 948,989,991.70 | 214,946,008.32 |
| Net cash flow from financing activities | -57,319,991.70 | -124,946,008.32 |
| IV. Effect of foreign exchange rate changes on cash | -102,346.55 | -102,346.55 |
| V. Net increase in cash and cash equivalents | 10,992,540.34 | 17,524,043.15 |

Cash Flow Statement

Jan.–Sept. 2006

Name: Shanghai First Provisions Company Limited; Unit: RMB; Un-audited

| Items | Consolidation | Parent company |
|--|----------------|----------------|
| supplemental information | | |
| I. Cash flow for adjusting net profits to operating activities | | |
| Net profit | 125,625,480.54 | 125,651,978.91 |
| Plus: Minority interest income ("-" for loss) | 72,788,578.64 | |
| Minus: Unconfirmed investment loss | 6,542,955.31 | |
| Plus: Provision for assets impairment | 13,411,336.19 | 13,023,528.82 |
| Depreciation of fixed assets | 41,844,582.81 | 3,151,978.89 |
| Amortization of intangible assets | 1,061,463.78 | 364,995.94 |
| Amortization of long-term prepaid expenses | 2,477,648.25 | 2,412,346.85 |
| Decrease in prepaid expenses (minus: increase) | -13,847,765.42 | 258,371.06 |
| Increase in accrued expenses (minus: decrease) | 10,269,918.57 | 90,012.69 |
| Losses on disposal of fixed assets, intangible | -34,766.52 | |

| | | |
|--|-----------------|-----------------|
| assets and other long-term assets (minus: gains) | | |
| Losses on disposal of fixed assets | 5,421,220.12 | 1,695,327.16 |
| Financial expenses | 27,647,254.01 | 4,057,485.05 |
| Investment losses (minus: gains) | -47,628,390.26 | -140,505,390.29 |
| Deferred tax credit (minus: debit) | | |
| Decrease in inventories (minus: increase) | 9,959,748.97 | 10,065,852.43 |
| Decrease in operating receivables (minus: increase) | 34,605,820.37 | 59,238,131.48 |
| Increase in operating payables (minus: decrease) | -145,387,056.50 | -3,313,930.93 |
| Others | | |
| Net cash flow from operating activities | 131,672,118.24 | 76,190,688.06 |
| II. Investing and financing activities not involving cash receipts and payment | | |
| Conversion of debt into capital | | |
| Convertible company bonds due within one year | | |
| Fixed assets under financing lease | | |
| III. Net increase in cash and cash equivalents | | |
| Cash balance at the end of year | 204,306,516.48 | 37,532,886.57 |
| Minus: Cash at the beginning of year | 193,313,976.14 | 20,008,843.42 |
| Plus: Cash at the end of period | | |
| Minus: cash at the beginning of period | | |
| Net increase in cash and cash equivalents | 10,992,540.34 | 17,524,043.15 |

By 7th Nov 2006, there are 840 companies listed in Shanghai Stock Exchange, 553 companies listed in Shenzhen Stock Exchange, 1174 companies listed in Hong Kong Stock Exchange and 749 companies listed in Taiwan Stock Exchange. As a result of great effort, **ReserachInchina** (www.researchinchina.com) are delighted to provide the detailed English Financial Statement for all of those listed companies mentioned above in Greater China.

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