

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 10-Q

- Quarterly report pursuant Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended March 31, 2008
- Transition report pursuant Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____.

001-33960

(Commission file number)

SHINER INTERNATIONAL, INC.

(Exact name of small business issuer as specified in its charter)

Nevada

(State or other jurisdiction
of incorporation or organization)

98-0507398

(IRS Employer
Identification No.)

**19/F, Didu Building, Pearl River Plaza,
No. 2 North Longkun Road
Haikou, Hainan Province
China 570125**

(Address of principal executive offices)

011-86-898-68581104

(Issuer's telephone number)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

On May 5, 2008, 24,650,000 shares of the registrant's common stock were outstanding.

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SHINER INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2008 AND DECEMBER 31, 2007

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

	March 31,	December
	2008	31,
	<u>2008</u>	<u>2007</u>
	(unaudited)	
ASSETS		
CURRENT ASSETS:		
Cash & cash equivalents	\$ 1,409,835	\$ 4,607,434
Accounts receivable, net of allowance for doubtful accounts of \$110,290 and \$84,964	8,774,453	8,988,559
Advances to suppliers	4,395,207	2,514,681
Notes receivable	71,306	39,755
Inventory	6,467,665	6,411,267
Prepaid expense & other current assets	520,826	432,211
Total current assets	21,639,292	22,993,907
Property and equipment, net	9,242,617	5,457,961
Advance for purchase of equipment	117,665	3,409,721
Intangible assets	351,589	339,593
TOTAL ASSETS	\$ 31,351,163	\$ 32,201,182
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 3,121,528	\$ 4,545,629
Other payables	312,136	1,396,233
Unearned revenue	504,583	520,056
Accrued payroll	39,254	41,267
Short term loan	389,333	822,528
Dividend payable	67,734	65,110
Tax and welfare payable	455,027	924,137
Total current liabilities	4,889,595	8,314,960
Commitments and contingencies	-	-
STOCKHOLDERS' EQUITY:		
Common stock, par value \$0.001; 75,000,000 shares authorized, 24,650,000 and 24,650,000 shares issued and outstanding	24,650	24,650
Additional paid-in capital	11,193,395	11,153,503
Other comprehensive income	2,355,962	1,384,391
Statutory reserve	2,526,018	2,374,069
Retained earnings	10,361,543	8,949,609
Total stockholders' equity	26,461,568	23,886,222
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 31,351,163	\$ 32,201,182

The accompanying notes are an integral part of these consolidated financial statements.

SHINER INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007

	Three Months Ended	
	March 31,	
	2008	2007
	(unaudited)	(unaudited)
Net Revenue	\$11,277,937	\$ 5,974,241
Cost of Revenue	8,739,790	4,969,523
Gross profit	2,538,147	1,004,718
Operating expenses		
Selling expenses	310,919	208,525
General and administrative expenses	522,386	328,800
Total operating expenses	833,305	537,325
Income from operations	1,704,842	467,393
Non-operating income (expense):		
Other income, net	75,160	155,790
Interest income	12,616	3,880
Interest expense	(16,832)	(21,268)
Exchange loss	(52,849)	(741)
Total non-operating income (expense)	18,095	137,661
Income before income tax	1,722,937	605,054
Income tax	159,054	58,453
Net income	1,563,883	546,601
Other comprehensive income		
Foreign currency translation gain	971,571	95,856
Comprehensive Income	<u>\$ 2,535,454</u>	<u>\$ 642,457</u>
Weighted average shares outstanding :		
Basic	<u>24,650,000</u>	<u>16,500,000</u>
Diluted	<u>24,650,000</u>	<u>16,500,000</u>
Earnings per share:		
Basic	<u>\$ 0.06</u>	<u>\$ 0.03</u>
Diluted	<u>\$ 0.06</u>	<u>\$ 0.03</u>

The accompanying notes are an integral part of these consolidated financial statements.

SHINER INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2008

	Common Stock		Additional	Other	Statutory	Retained	Total
	Shares	Amount	Paid in	Comprehensive	Reserve	Earnings	Stockholders'
			Capital	Income			Equity
Balance							
December							
31, 2007	24,650,000	\$ 24,650	\$11,153,503	\$ 1,384,391	\$2,374,069	\$ 8,949,609	\$ 23,886,222
Stock compensation expense for options issued to directors	-	-	39,892	-	-	-	39,892
Change in foreign currency translation gain	-	-	-	971,571	-	-	971,571
Net income	-	-	-	-	-	1,563,883	1,563,883
Transfer to statutory reserve	-	-	-	-	151,949	(151,949)	-
Balance							
March							
31, 2008	<u>24,650,000</u>	<u>\$ 24,650</u>	<u>\$11,193,395</u>	<u>\$ 2,355,962</u>	<u>\$2,526,018</u>	<u>\$10,361,543</u>	<u>\$ 26,461,568</u>

The accompanying notes are an integral part of these consolidated financial statements.

SHINER INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007

	Three Months Ended	
	March 31,	
	2008	2007
	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 1,563,883	\$ 546,601
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	233,416	160,773
Loss on disposal of property and equipment		
Amortization	1,662	1,529
Stock compensation expense for options issued to directors	39,892	-
(Increase) / decrease in assets:		
Accounts receivable	566,534	1,424,140
Other receivable	-	76,882
Inventory	198,546	(1,005,045)
Advances to suppliers	(1,749,610)	(269,272)
Other assets	(68,454)	25,457
Increase / (decrease) in current liabilities:		
Accounts payable	(1,601,050)	124,746
Unearned revenue	(35,812)	238,051
Other payables	(1,097,913)	2,395,624
Accrued payroll	(3,614)	9,749
Tax and welfare payable	(497,714)	185,061
Deposit	-	(140,596)
Net cash provided by (used in) operating activities	<u>(2,450,234)</u>	<u>3,773,700</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments on (issuance of) notes receivable	(29,438)	(104,545)
Acquisition of property and equipment	(366,318)	(306,034)
Net cash used in investing activities	<u>(395,756)</u>	<u>(410,579)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from short-term loan	364,141	-
Repayment of short -term loan	(822,528)	(857,542)
Repayment of related parties advances	-	(2,950,356)
Capital contribution	-	49,231
Net cash used in financing activities	<u>(458,387)</u>	<u>(3,758,667)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>106,778</u>	<u>7,970</u>
NET DECREASE IN CASH & CASH EQUIVALENTS	(3,197,599)	(387,576)
CASH & CASH EQUIVALENTS, BEGINNING BALANCE	<u>4,607,434</u>	<u>938,268</u>

CASH & CASH EQUIVALENTS, ENDING BALANCE	<u>\$ 1,409,835</u>	<u>\$ 550,692</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	<u>\$ 17,098</u>	<u>\$ 13,040</u>
Income taxes paid	<u>\$ 164,664</u>	<u>\$ -</u>
Transfer from advances payment for equipment to property and equipment	<u>\$ 3,370,957</u>	<u>\$ -</u>

The accompanying notes are an integral part of these consolidated financial statements.

SHINER INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2008 AND 2007
(UNAUDITED)

Note 1 - Organization and Basis of Presentation

The unaudited consolidated financial statements have been prepared by Shiner International, Inc. (the "Company"), pursuant to the rules and regulations of the Securities Exchange Commission ("SEC"). The information furnished herein reflects all adjustments (consisting of normal recurring accruals and adjustments) which are, in the opinion of management, necessary to fairly present the operating results for the respective periods. Certain information and footnote disclosures normally present in annual consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted pursuant to such rules and regulations. These consolidated financial statements should be read in conjunction with the audited consolidated financial statements and footnotes included in the Company's Annual Report on Form 10-K filed with the SEC on March 28, 2008. The results for the three months ended March 31, 2008 are not necessarily indicative of the results to be expected for the full year ending December 31, 2008.

Organization and Line of Business

Shiner International, Inc. formerly known as Cartan Holdings, Inc. (hereinafter referred to as the "Company" or "Shiner") was incorporated in the State of Nevada on November 12, 2003.

On July 23, 2007, the Company entered into a share exchange agreement and plan of reorganization with Sino Palace Holdings Limited., a corporation formed under the laws of the British Virgin Islands ("Sino Palace"). Pursuant to the agreement, the Company acquired from Sino Palace all of the issued and outstanding capital stock of each of Hainan Shiner Industrial Co., Ltd. ("Shiner Industrial") and Hainan Shiny-day Color Printing Packaging Co., Ltd. ("Shiny-day") as well as all of the issued and outstanding capital stock of their subsidiaries, Hainan Modern Hi-Tech Industrial Co., Ltd. ("Modern") and Zhuhai Modern Huanuo Packaging Material Co., Ltd. ("Zhuhai") in exchange for the issuance of an aggregate of 16,500,000 shares of the Company's common stock to the shareholders of Sino Palace. Shiner Industrial, Shiny-day, Modern and Zhuhai are each Chinese corporations and are referred to collectively as the "Shiner Group."

Concurrently with the closing of the transactions contemplated by the share exchange agreement and as a condition thereof, the Company entered into an agreement with Zubeda Mohamed-Lakhani, the Company's sole director and chief executive officer, pursuant to which she returned 4,750,000 shares of the Company's common stock for cancellation. Ms. Mohamed-Lakhani was not compensated in any way for the cancellation of her shares of the Company's common stock. Upon completion of the foregoing transactions, the Company had an aggregate of 21,150,000 shares of common stock issued and outstanding.

The exchange of shares with the Shiner Group was accounted for as a reverse acquisition under the purchase method of accounting since the Shiner Group obtained control of the Company. On July 24, 2007, Cartan Holdings, Inc. changed its name to Shiner International, Inc. Accordingly, the merger of the Shiner Group into the Company were recorded as a recapitalization of the Shiner Group, the Shiner Group being treated as the continuing entities. The Shiner Group had common shareholders and common management. The historical financial statements presented are the combined financial statements of the Shiner Group. The share exchange agreement has been treated as a recapitalization and not as a business combination; therefore, no pro forma information is disclosed. At the date of this transaction, the net liabilities of the legal acquirer were \$34,867.

As a result of the reverse merger transactions described above the historical financial statements presented are those of the Shiner Group, the operating entities.

The Company is engaged in research, manufacture, sale, and distribution of packaging film and color printing for the packaging industry.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The Company's functional currency is the Chinese Renminbi; however the accompanying consolidated financial statements have been translated and presented in United States Dollars (\$).

Foreign Currency Translation

As of March 31, 2008 and 2007, the accounts of the Company were maintained, and their financial statements were expressed in the Chinese Yuan Renminbi ("RMB"). Such financial statements were translated into U.S. Dollars ("USD") in accordance with Statement of Financial Accounts Standards ("SFAS") No. 52, "Foreign Currency Translation," with the RMB as the functional currency. According to the Statement, all assets and liabilities were translated at the exchange rate on the balance sheet date, stockholder's equity are translated at the historical rates and statement of operations items are translated at the weighted average exchange rate for the year. The resulting translation adjustments are reported under other comprehensive income in accordance with Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income." Gains and losses resulting from the translations of foreign currency transactions and balances are reflected in the income statement.

Note 2 - Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported

amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and cash in time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

Accounts Receivable

The Company maintains reserves for potential credit losses on accounts receivable. Management reviews the composition of accounts receivable and analyzes historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment patterns to evaluate the adequacy of these reserves. Reserves are recorded primarily on a specific identification basis. Allowance for doubtful debts amounted to \$110,290 and \$84,964 at March 31, 2008 and December 31, 2007, respectively.

Advances to Suppliers

The Company advances to certain vendors for purchase of its material. The advances to suppliers are interest free and unsecured. The advances to suppliers amounted to \$4,395,207 and \$2,514,681 at March 31, 2008 and December 31, 2007, respectively.

Inventories

Inventories are valued at the lower of cost (determined on a weighted average basis) or market. The Management compares the cost of inventories with the market value and allowance is made for writing down their inventories to market value, if lower.

Notes Receivable

Notes receivable consist of several notes that are due from third parties that accrue no interest. The notes are generally due within six months from the date of issuance.

Property and Equipment

Property and equipment are stated at cost. Expenditures for maintenance and repairs are charged to earnings as incurred; additions, renewals and betterments are capitalized. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in operations. Depreciation of property and equipment is provided using the straight-line method for substantially all assets with estimated lives of:

Operating equipment	10 years
Vehicles	8 years
Office equipment	5 years
Buildings and improvements	20 years

The following are the details of the property and equipment:

	March 31, 2008	December 31, 2007
Operating equipment	\$ 10,039,398	\$ 5,984,512
Vehicles	□□	-□ 67,765
Office equipment	406,685	319,979
Buildings and improvements	1,338,073	1,300,513
	<u>\$ 11,784,156</u>	<u>\$ 7,672,769</u>
Less: Accumulated depreciation	(2,541,539)	(2,214,808)
	<u>\$ 9,242,617</u>	<u>\$ 5,457,961</u>

Depreciation expense was \$233,416 and \$160,773 for the three months ended March 31, 2008 and 2007, respectively.

Advance for Purchase of Equipment

The Company had advanced \$117,665 and \$3,409,721 for the purchase of bi-axially oriented polypropylene ("BOPP") film at March 31, 2008 and December 31, 2007, respectively.

Long-Lived Assets

The Company applies the provisions of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"), which addresses financial accounting and reporting for the impairment or disposal of long-lived assets and supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations for a Disposal of a Segment of a Business." The Company periodically evaluates the carrying value of long-lived assets to be held and used in accordance with SFAS 144. SFAS 144 requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts. In that event, a loss is recognized based on the amount by which the carrying amount exceeds the fair market value of the long-lived assets. Loss on long-lived assets to be disposed of is determined in a similar manner, except that fair market values are reduced for the cost of disposal. Based on its review, the Company believes that, as of March 31, 2008 there were no significant impairments of its long-lived assets.

Intangible Assets

Intangible assets consist of Rights to use land. The Company evaluates intangible assets for impairment, at least on an annual basis and whenever events or changes in circumstances indicate that the carrying value may not be recoverable from its estimated future cash flows.

Recoverability of intangible assets, other long-lived assets and, goodwill is measured by comparing their net book value to the related projected undiscounted cash flows from these assets, considering a number of factors including past operating results, budgets, economic projections, market trends and product development cycles. If the net book value of the asset exceeds the related undiscounted cash flows, the asset is considered impaired, and a second test is performed to measure the amount of impairment loss.

Fair Value of Financial Instruments

SFAS No. 107, "Disclosures about fair value of financial instruments," requires that the Company disclose estimated fair values of financial instruments. The carrying amounts reported in the statements of financial position for current assets and current liabilities qualifying as financial instruments are a reasonable estimate of fair value.

Revenue Recognition

The Company's revenue recognition policies are in compliance with SEC Staff Accounting Bulletin ("SAB") 104. Sales revenue is recognized at the date of shipment to customers when a formal arrangement exists, the price is fixed or determinable, the delivery is completed, no other significant obligations of the Company exist and collectability is reasonably assured. Payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as unearned revenue.

Advertising Costs

The Company expenses the cost of advertising as incurred or, as appropriate, the first time the advertising takes place. Advertising costs for the three months ended March 31, 2008 and 2007 were not significant.

Stock-Based Compensation

The Company accounts for its stock-based compensation in accordance with SFAS No. 123R, "Share-Based Payment, an Amendment of FASB Statement No. 123." The Company recognizes in the statement of operations the grant-date fair value of stock options and other equity-based compensation issued to employees and non-employees. There were 90,000 and zero options outstanding as of March 31, 2008 and 2007, respectively.

Income Taxes

The Company utilizes SFAS No. 109, "Accounting for Income Taxes," which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events

that have been included in the financial statements or tax returns. Under this method, deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each period end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

The Company adopted the provisions of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes, on January 1, 2007. As a result of the implementation of FIN 48, the Company made a comprehensive review of its portfolio of tax positions in accordance with recognition standards established by FIN 48. As a result of the implementation of Interpretation 48, the Company recognized no material adjustments to liabilities or stockholders' equity. When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

Interest associated with unrecognized tax benefits are classified as interest expense and penalties are classified in selling, general and administrative expenses in the statements of income. The adoption of FIN 48 did not have a material impact on the Company's financial statements.

Basic and Diluted Earnings Per Share

Earnings per share is calculated in accordance with the SFAS No. 128 (SFAS No. 128), "Earnings Per Share". Net earnings per share for all periods presented has been restated to reflect the adoption of SFAS No. 128. Basic earnings per share is based upon the weighted average number of common shares outstanding. Diluted earnings per share is based on the assumption that all dilutive convertible shares and stock options were converted or exercised. Dilution is computed by applying the treasury stock method. Under this method, options and warrants are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the period. There were 90,000 options and 970,050 warrants outstanding as of March 31, 2008. For the three months ended March 31, 2008, the Company's average stock price was not greater than any of the exercise prices.

The following is a reconciliation of the number of shares (denominator) used in the basic and diluted earnings per share computations at March 31:

	2008		2007	
	Shares	Per Share Amount	Shares	Per Share Amount
Basic earnings per share	24,650,000	\$ 0.06	16,500,000	\$ 0.03
Effect of dilutive stock options and warrants	□□ □□□□	-□□□	□□□□	-□
Diluted earnings per share	24,650,000	\$ 0.06	16,500,000	\$ 0.03

Foreign Currency Transactions and Comprehensive Income

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Certain statements, however, require entities to report specific changes in assets and liabilities, such as gain or loss on foreign currency translation, as a separate component of the equity section of the balance sheet. Such items, along with net income, are components of comprehensive income. The functional currency of the Company is Chinese Renminbi. The unit of Renminbi is in Yuan. Translation gains of \$2,355,962 and \$1,384,391 at March 31, 2008 and December 31, 2007, respectively, are classified as an item of other comprehensive income in the stockholders' equity section of the consolidated balance sheet. During the three months ended March 31, 2008 and 2007, other comprehensive income in the consolidated statements of income and other comprehensive income included translation gains of \$971,571 and \$95,856, respectively.

Statement of Cash Flows

In accordance with SFAS No. 95, "Statement of Cash Flows," cash flows from the Company's operations are calculated based upon the local currencies. As a result, amounts related to assets and liabilities reported on the statement of cash flows will not necessarily agree with changes in the corresponding balances on the balance sheet.

Segment Reporting

SFAS No. 131, "Disclosure About Segments of an Enterprise and Related Information" requires use of the "management approach" model for segment reporting. The management approach model is based on the way a company's management organizes segments within the company for making operating decisions and assessing performance. The Company has determined that it has two reportable segments (See Note 12).

Recent Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements“. The objective of SFAS No. 157 is to increase consistency and comparability in fair value measurements and to expand disclosures about fair value measurements. SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS No. 157 applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. The provisions of SFAS No. 157 are effective for fair value measurements made in fiscal years beginning after November 15, 2007. The adoption of this statement is not expected to have a material effect on the Company’s future reported financial position or results of operations.

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities“. This Statement permits entities to choose to measure many financial assets and financial liabilities at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. The Company is currently assessing the impact of SFAS No. 159 on its financial position and results of operations.

In June 2007, the FASB issued FASB Staff Position No. EITF 07-3, “Accounting for Nonrefundable Advance Payments for Goods or Services Received for use in Future Research and Development Activities” (“FSP EITF 07-3”), which addresses whether nonrefundable advance payments for goods or services that used or rendered for research and development activities should be expensed when the advance payment is made or when the research and development activity has been performed. Management is currently evaluating the effect of this pronouncement on financial statements.

In December 2007, the FASB issued SFAS No. 141 (Revised 2007), “Business Combinations.” SFAS No. 141 (Revised 2007) changes how a reporting enterprise accounts for the acquisition of a business. SFAS No. 141 (Revised 2007) requires an acquiring entity to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value, with limited exceptions, and applies to a wider range of transactions or events. SFAS No. 141 (Revised 2007) is effective for fiscal years beginning on or after December 15, 2008 and early adoption and retrospective application is prohibited.

In December 2007, the FASB issued SFAS No. 160, “Noncontrolling Interests in Consolidated Financial Statements”, which is an amendment of Accounting Research Bulletin (“ARB”) No. 51. This statement clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. This statement changes the way the consolidated income statement is presented, thus requiring consolidated net income to be reported at amounts that include the amounts attributable to both parent and the noncontrolling interest. This statement is effective for the fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Based on current conditions, the Company does not expect the adoption of SFAS 160 to have a significant impact on its results of operations or financial position.

Note 3 - Inventory

The inventory as of March 31, 2008 and December 31, 2007, respectively, consisted of the following:

	March 31, 2008	December 31, 2007
Raw Material	\$4,024,765	\$3,569,017
Work in process	670,944	676,476
Finished goods	1,850,741	2,241,507
	<u>6,546,450</u>	<u>6,487,000</u>
Less: Obsolescence Reserve	(78,785)	(75,733)
Net Inventory	<u>\$6,467,665</u>	<u>\$6,411,267</u>

Note 4 - Intangible Assets

Intangible assets at March 31, 2008 and December 31, 2007, respectively, were as follows:

	March 31, 2008	December 31, 2007
Rights to use land	\$ 380,475	\$ 365,735
Less: Accumulated amortization	(28,886)	(26,142)
Net Intangible Assets	<u>\$ 351,589</u>	<u>\$ 339,593</u>

Per the People's Republic of China's ("PRC") governmental regulations, the Government owns all land. The Company has recognized the amounts paid for the acquisition of rights to use land as intangible asset and amortizing over the period the Company has use of the land which range from 54 to 57 years.

Amortization expense for the Company's intangible assets for the three months ended March 31, 2008 and 2007 amounted to \$1,662 and \$1,529, respectively.

Note 5 - Short-term loan

Short-term loan at March 31, 2008 and December 31, 2007 consists of the following:

	March 31, 2008	December 31, 2007
Short-term bank loan. The term of the loan is from March 3, 2008 to March 3, 2009 with an interest rate at the standard rate times 1.1 (8.12% at March 31, 2008). The loan is collateralized by a one-year	\$389,333	□\$ -□

time deposit.

Short-term bank loan. The term of the loan is from August 15, 2007 to February 15, 2008 with an interest rate of 7.227%. The loan is collateralized by buildings land use rights and machines. This loan was repaid in February 2008.

□□ □□ 822,528

Note 6 – Stock Options and Warrants

Stock Options

Following is a summary of the stock option activity:

	Options Outstanding	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding as of December 31, 2007	90,000	\$ 7.00	-
Granted	-	-	-
Forfeited	-	-	-
Exercised	-	-	-
Outstanding as of March 31, 2008	<u>90,000</u>	<u>\$ 7.0</u>	<u>-</u>

Warrants

Following is a summary of the warrant activity

Outstanding as of December 31, 2007	970,050
Granted	-
Forfeited	-
Exercised	-
Outstanding as of March 31, 2008	<u>970,050</u>

Note 7 - Income Taxes

Local PRC Income Tax

Pursuant to the tax laws of the PRC, general enterprises are subject to income tax at an effective rate of 33% (30% federal and 3% provincial). The Company currently has a 15% tax rate because of its location in a privileged economic zone. In addition, it also enjoys a 50% reduction (50% of 15%) for the dates specified below.

A reconciliation of tax at United States federal statutory rate to provision for income tax recorded in the financial statements is as follows:

**For the Three
Months Ended
March 31,**

	2008	2007
Tax provision at statutory rate	34%	34%
Foreign tax rate difference	(1%)	(1%)
Effect of tax holiday	(24%)	(23%)
	9%	10%

The Company operates in a privileged economic zone which entitles them to certain tax benefits (tax holiday) as follows:

- Shiny-day - Exempt from provincial tax and 100% exemption from federal tax from January 1, 2005 to December 31, 2006 and 50% exemption from federal tax from January 1, 2007 to December 31, 2009.
- Shiner Industrial - Exempt from provincial tax and 100% exemption from federal tax from January 1, 2004 to December 31, 2005 and 50% exemption from federal tax from January 1, 2006 to December 31, 2008.

According to the new income tax law, for those enterprises to which the 15% tax rate applicable previously, the applicable rates shall be as follows over the next five years:

Year	Tax rate	Income tax rate- Shiny-day	Income tax rate- Shiner Industrial
2007	15%	7.5%	7.5%
2008	18%	9%	9%
2009	20%	10%	20%
2010	22%	22%	22%
2011	24%	24%	24%
2012	25%	25%	25%

If the Company had not been exempt from paying income taxes due to operating in a privileged economic zone, net income for the three months ended March 31, 2008 and 2007 would have been

lower by approximately \$427,000 and \$139,000, respectively. The net effect on earnings per share had the income tax been applied would decrease basic and diluted earnings per share from \$0.06 to \$0.05 and from \$0.03 to \$0.02 for the three months ended March 31, 2008 and 2007, respectively.

Note 8 - Employee Welfare Plans

The Company has established its own employee welfare plan in accordance with Chinese law and regulations. The Company makes annual contributions of 14% of all employees' salaries to the employee welfare plan. The total expense for the welfare plan was \$1,141 and \$7,459 for the three months ended March 31, 2008 and 2007, respectively. The Company has recorded welfare payable of \$818 and \$0 at March 31, 2008 and December 31, 2007, respectively.

Note 9 - Statutory Common Welfare Fund

As stipulated by the Company Law of the PRC, net income after taxation can only be distributed as dividends after appropriation has been made for the following:

- i Making up cumulative prior years' losses, if any;
- ii Allocations to the "Statutory surplus reserve" of at least 10% of income after tax, as determined under PRC accounting rules and regulations, until the fund amounts to 50% of the Company's registered capital;
- iii Allocations of 5-10% of income after tax, as determined under PRC accounting rules and regulations, to the Company's "Statutory common welfare fund" ("SCWF"), which is established for the purpose of providing employee facilities and other collective benefits to the Company's employees; and
- iv Allocations to the discretionary surplus reserve, if approved in the stockholders' general meeting.

Pursuant to the new Corporate Law effective on January 1, 2006, there is now only one "Statutory surplus reserve" requirement. The reserve is 10 percent of income after tax, not to exceed 50 percent of registered capital.

Pursuant to the "Circular of the Ministry of Finance (MOF) on the Issue of Corporate Financial Management after the Corporate Law Enforced" (No.67 [2006]), effective on April 1, 2006, issued by the MOF, the companies will transfer the balance of SCWF as of December 31, 2005 to Statutory Surplus Reserve. Any deficit in the SCWF will be charged in turn to Statutory Surplus Reserve, additional paid-in capital and undistributed profit of previous years. If a deficit still remains, it should be transferred to retained earnings and be reduced to zero by a transfer from after tax profit of following years. At March 31, 2008, the Company did not have a deficit in the SCWF.

The Company has appropriated \$151,949 and \$129,673 as reserve for the statutory surplus reserve and welfare fund for the three months ended March 31, 2008 and 2007, respectively.

Note 10 - Current Vulnerability Due to Certain Concentrations

Two vendors provided 9% and 7% of the Company's raw materials for the three months ended March 31, 2008. Two vendors provided 11% and 9% of the Company's raw materials for the three months ended March 31, 2007.

Two customers accounted for 24% and 10% of the Company's sales for the three months ended March 31, 2008. Two customers accounted for 34% and 16% of the Company's sales for the three months ended March 31, 2007.

The Company's operations are carried out in the PRC. Accordingly, the Company's business, financial condition and results of operations may be influenced by the political, economic and legal environments in the PRC, by the general state of the PRC's economy. The Company's business may be influenced by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation, among other things.

Note 11 - Contingent Liabilities

At March 31, 2008, the Company is contingently liable to banks for discounted and endorsed notes receivable and to vendors for endorsed notes receivable amounting to \$474,228.

Note 12 – Segment Information

The Company's business segments are in packaging film and color printing. The following tables summarize segment information for the three months ended March 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Revenues from unrelated entities		
Color Printing	\$ 2,824,095	\$2,181,898
Packaging	8,453,842	3,792,343
	<u>\$ 11,277,937</u>	<u>\$5,974,241</u>
Intersegment revenues		
Color Printing	\$ -	\$ -
Packaging	2,318,667	-
	<u>\$ 2,318,667</u>	<u>\$ -</u>
Total Revenues		
Color Printing	\$ 2,824,095	\$2,181,898
Packaging	10,772,509	3,792,343
Less Intersegment revenues	(2,318,667)	-
	<u>\$ 11,277,937</u>	<u>\$5,974,241</u>

Income from operations

Color Printing	\$	276,588	\$	87,385
Packaging		1,528,232		380,008
Holding Company		(99,978)		-
	\$	<u>1,704,842</u>	\$	<u>467,393</u>

Interest income

Color Printing	\$	405	\$	373
Packaging		9,353		3,507
Holding Company		2,858		-
	\$	<u>12,616</u>	\$	<u>3,880</u>

Interest Expense

Color Printing	:	-	\$	-
Packaging		16,832		21,268
Holding Company		-		-
	:	<u>16,832</u>	\$	<u>21,268</u>

Income tax expense (benefit)

Color Printing	:	25,876	\$	6,894
Packaging		133,178		51,559
Holding Company		-		-
	:	<u>159,054</u>	\$	<u>58,453</u>

Net Income

Color Printing	:	261,634	\$	110,144
Packaging		1,359,369		436,457
Holding Company		(57,120)		-
	:	<u>1,563,883</u>	\$	<u>546,601</u>

Provision for depreciation

Color Printing	:	41,020	\$	75,083
Packaging		192,396		85,690
Holding Company		-		-
	:	<u>233,416</u>	\$	<u>160,773</u>

Total Assets

Color Printing	:	7,832,351		
Packaging		21,301,529		
Holding Company		2,217,283		
	:	<u>31,351,163</u>		

Note 13 - Geographical Sales

Geographical distribution of sales is as follows:

Geographical Areas	Three Months Ended March 31,	
	2008	2007
Chinese Main Land	\$8,736,700	\$4,419,450
Asia (outside Main Land China)	1,327,720	1,004,267
Africa	131,960	35,638
Australia	312,971	192,209
USA	199,357	70,953
South America	307,425	37,683
Europe	261,804	214,041
	<u>\$11,277,937</u>	<u>\$5,974,241</u>

CAUTIONARY STATEMENT FOR FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “could,” “would,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “continue,” or the negative of such terms or other similar expressions. Factors that might cause or contribute to such a discrepancy include, but are not limited to, those listed under the heading “Risk Factors” and those listed in our other SEC filings. The following discussion should be read in conjunction with our Financial Statements and related Notes thereto included elsewhere in this report.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes appearing elsewhere in this quarterly report. This discussion and analysis contains forward-looking statements that involve risks, uncertainties, and assumptions. The actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including but not limited to the risks discussed in this report.

Overview

We develop, manufacture and distribute packaging film and color printed packaging through our four operating subsidiaries, Shiner Industrial, Shiny-day, Zhuhai and Modern. Our products include coated film, shrink-wrap film, common film, anti-counterfeit laser holographic film and color printed packaging materials. All of our operations are based in the PRC and each of our subsidiaries was formed under the laws of the PRC.

We currently conduct our business through the following four operating subsidiaries in the PRC:

- Shiner Industrial located in Haikou, Hainan Province;
- Shiny-day also located in Haikou, Hainan Province;
- Zhuhai located in Zhuhai, Guangdong Province; and
- Modern located in Haikou, Hainan Province.

We operate in several markets within the packaging film segment: BOPP based films, coated films, anti-counterfeit films and color printed packaging materials. For the three months ended March 31, 2008, color printed packaging products made up 25.0% of our revenues, BOPP tobacco film made up 31.8% of our revenues, coated film accounted for 23.6% of our revenues and anti-counterfeit film sales equaled 19.6% of our revenues.

Our current production capacity consists of:

- Three coated film lines with total capacity of 6,000 tons a year;
- One BOPP tobacco film production line with total capacity of 3,500 tons a year;
- One BOPP film production line with capacity of 7,000 tons a year;
- Three color printing lines; and
- Three anti-counterfeit film lines.

We are targeting growth through four main channels: (i) the continuation of our efforts to gain international market share in coated film through better pricing strategy and excellent after-sale service; (ii) the expansion of our sales in anti-counterfeit film, especially to high-end brand spirits and cigarette manufacturers; (iii) the development of next generation films, and (iv) the acquisition of an anti-counterfeit technology company.

Results of Operations

Results of Operations for the Three Months Ended March 31, 2008 Compared to the Three Months Ended March 31, 2007:

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007	\$ Change	% Change
Revenues	\$ 11,277,937	\$ 5,974,241	\$5,303,696	88.8%
Cost of Goods Sold	8,739,790	4,969,523	3,770,267	75.9%
Gross Profits	2,538,147	1,004,718	1,533,429	152.6%
Selling, General and Administrative Expenses	833,305	537,325	295,980	55.1%
Interest Expense (net)	4,216	17,388	13,172	75.8%
Other Income (Expense)	22,311	155,049	(132,738)	(85.6%)
Income Tax Expense	159,054	58,453	100,601	172.1%
Net Income	1,563,883	546,601	1,017,282	186.1%

Revenues

Revenues for the three months ended March 31, 2008 increased by 88.8% or \$5,303,696 compared to the same period last year. Higher revenues resulted from a 37.1% increase in the sales of coated film, 125.5% increase in tobacco BOPP sales, 742.5% increase in the sales of anti-counterfeit film and 29.4% increase in color printing. The increase in revenues was due to higher sales volumes and increases in the average unit prices. For BOPP products, the Company derived a gain of \$2,133,206 from an increase in sales volume. Coated film sales grew by \$137,499 due to higher unit prices and \$581,515 due to higher sales volumes.

International sales for the three months ended March 31, 2008 totaled \$2,541,237 accounting for approximately 22.5% of total revenues in comparison to \$1,554,743 or 26.0% for the first quarter of 2007. A 31.3% or \$986,494 increase in international sales was primarily due to 681.2% increase in the anti-counterfeit film sales.

Cost of Goods Sold

Cost of goods sold during the three months ended March 31, 2008 were 77.5% of revenues as compared to 83.2% of revenues during the three months ended March 31, 2007. Lower costs were due to the decrease in the prices of raw materials, such as polypropylene, derived directly from crude oil and subject to similar price fluctuations.

Gross Profit

Our gross profit during the three months ended March 31, 2008 was \$2,538,147, representing a gross margin of 22.5%, an increase of 5.7% from gross margin of 16.8% that we experienced during the three months ended March 31, 2007. The increase in gross margin is due to product structure adjustment and technical improvement.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses increased by 55.1% or \$295,980 to \$833,305 for the three months ended March 31, 2008 compared to \$537,325 for the three months ended March 31, 2007. General and administrative expenses include rent, management and staff salaries, general insurance, marketing, accounting and legal expenses. Selling expenses for the three months ended March 31, 2008 increased by 49.1% to \$310,919 in comparison to the same period in 2007 due to increased transportation costs. General and administrative expenses for the three months ended March 31, 2008 increased by 58.9% to \$522,386 in comparison to the same period in 2007. The increase in general and administrative expense is due to increase in NASDAQ application cost and professional fees.

Interest Expense

Interest expense in the three months ended March 31, 2008 decreased 75.8% from the same period in 2007. This decrease is mainly attributable to the significant reduction in the Company's outstanding short-term debt.

Other Income (Expense)

The substantial decrease in other income was due in large part to a decrease in waste materials that can be sold.

Income Tax Expense

The effective tax rate for the three months ended March 31, 2008 was 9.2% as opposed to 10.1% for the three months ended March 31, 2007. Since we operate in a privileged economic zone, we will continue to enjoy certain tax privileges as a result of a reduced rate.

Net Income

The increase in our net income for the three months ended March 31, 2008 as compared to the same period for 2007 resulted from higher sales for the period, combined with a slightly lower rate of increase in cost of sales for the period.

Off-Balance Sheet Arrangements

There were no off-balance sheet arrangements during the three months ended March 31, 2008 that have, or are reasonably likely to have, a current or future affect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to our interests.

Liquidity and Capital Resources

Cash Flows

At March 31, 2008, we had \$1,409,835 in cash and cash equivalents on hand. Our principal demands for liquidity are to increase capacity, raw materials purchases, sales distribution and the possible acquisition of new subsidiaries in our industry as opportunities present themselves, as well as general corporate purposes. As of March 31, 2008, we had one short-term loan of \$389,333, with an interest rate of 8.12%. The loan is due on March 3, 2009 and is collateralized by a one-year time deposit. As of March 31, 2008, we had working capital of \$16,749,697, an increase of \$2,070,750 from our working capital at December 31, 2007. We anticipate that we will have adequate working capital to fund our operations and growth in the foreseeable future.

On October 22, 2007, we completed a private placement offering of units pursuant to which we sold an aggregate of 3,500,000 units at an offering price of \$3.00 per unit for aggregate gross proceeds of \$10,500,000. Each unit consisted of one share of our common stock, par value \$.001 per share, and a three year warrant to purchase 15% of one share of common stock at an exercise price of \$6.00 per share. Accordingly, we issued an aggregate of 3,500,000 shares of common stock and warrants to purchase 525,000 shares of our common stock to the 76 accredited investors who participated in this offering. In addition, the Company compensated four finders that assisted in the sale of securities in this private placement offering by (i) paying them cash equal to 8% of the gross proceeds from the sales of units placed and (ii) issuing them warrants to purchase that number of shares of our common stock equal to 15% of the units placed as follows:

Selected Finder	Cash	Warrants
Maxim Group LLC	\$178,400	111,500
Four Tong Investments Ltd.	153,600	96,000
Global Hunter Securities, LLC	300,880	188,050
Basic Investors, Inc.	79,200	49,500
	<u>\$712,080</u>	<u>445,050</u>

The warrants granted to these finders have the same terms and conditions as the warrants granted in the offering.

We anticipate that the net proceeds of this private placement offering will be used in the following manner:

- \$3,500,000 for the purchase of the currently leased BOPP production line in Zhuhai,
- \$1,140,000 for the acquisition of the fourth coated film line,
- \$400,000 for coated and anti-counterfeit films R&D, and
- \$400,000 for marketing.

The remaining amount will be used for working capital and the acquisition of an anti-counterfeit partner with strong distribution channels. We intend to meet our liquidity requirements for the next twelve months, including capital expenditures related to the purchase of equipment, purchase

of raw materials, and the expansion of our business, through cash flow provided by operations and our existing cash and cash equivalents. We anticipate that we have adequate working capital to fund our operations and growth for at least the next twelve months.

Net cash flows provided by (used in) operating activities for the three months ended March 31, 2008 was (\$2,450,234) compared to \$3,773,700 for the three months ended March 31, 2007. This change in cash flows from operating activities was mainly due to the decreases of accounts payable of \$1,601,050, other payables of \$1,097,913, and cash paid for advances to suppliers of \$1,749,610.

We used \$395,756 in investing activities during the three months ended March 31, 2008 for the acquisition of property and equipment and payments on notes receivable.

We used \$458,387 in financing activities in the three months ended March 31, 2008, which is from the payment of a short-term payable.

Assets

As of March 31, 2008, our accounts receivable decreased by \$214,106 compared with the balance as of December 31, 2007. The decrease in accounts receivable on three months ended March 31, 2008 was due to increased collection on our accounts receivable balance. We intend to continue our efforts to maintain accounts receivable at reasonable levels in relation to our sales. Notes receivables increased by \$31,511 in the same period. Advances to suppliers increased by \$1,880,526 while inventory increased by \$56,398 during the three months ended March 31, 2008.

Liabilities

Our accounts payable decreased by \$1,424,101 in the three months ended March 31, 2008 and other payables decreased by \$1,084,097 for the same period. Unearned revenues (payments received before all the relevant criteria for revenue recognition are satisfied) fell by \$15,473 and tax and welfare payable decreased by \$469,110 over the same period. Short-term loans also decreased by \$433,195 due to the repayment of the outstanding principal balance of our previously existing short-term bank loan in February 2008.

We intend to meet our liquidity requirements, including capital expenditures related to the purchase of equipment, purchase of raw materials, and the expansion of our business, through cash flow provided by operations and funds raised through private placement offerings of our securities.

The majority of our revenues and expenses were denominated primarily in RMB, the currency of the PRC.

There is no assurance that exchange rates between the RMB and the US Dollar will remain stable. We do not engage in currency hedging. Inflation has not had a material impact on our business.

Recent Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements". The objective of SFAS No. 157 is to increase consistency and comparability in fair value measurements and to expand disclosures about fair value measurements. SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS No. 157 applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. The provisions of SFAS No. 157 are effective for fair value measurements made in fiscal years beginning after November 15, 2007. The adoption of this statement is not expected to have a material effect on our future reported financial position or results of operations.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities". This Statement permits entities to choose to measure many financial assets and financial liabilities at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. We are currently assessing the impact of SFAS No. 159 on our financial position and results of operations.

In June 2007, the FASB issued FASB Staff Position No. EITF 07-3, "Accounting for Nonrefundable Advance Payments for Goods or Services Received for Use in Future Research and Development Activities" ("FSP EITF 07-3"), which addresses whether nonrefundable advance payments for goods or services used or rendered for research and development activities should be expensed when the advance payment is made or when the research and development activity has been performed. Management is currently evaluating the effect of this pronouncement on our financial statements.

In December 2007, the FASB issued SFAS No. 141 (Revised 2007), "Business Combinations." SFAS No. 141 (Revised 2007) changes how a reporting enterprise accounts for the acquisition of a business. SFAS No. 141 (Revised 2007) requires an acquiring entity to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value, with limited exceptions, and applies to a wider range of transactions or events. SFAS No. 141 (Revised 2007) is effective for fiscal years beginning on or after December 15, 2008. Early adoption and retrospective application is prohibited.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements", which is an amendment of Accounting Research Bulletin ("ARB") No. 51. This statement clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. This statement changes the way the consolidated income statement is presented, thus requiring consolidated net income to be reported at amounts that include the amounts attributable to both parent and the noncontrolling interest. This statement is effective for the fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Based on

current conditions, we do not expect the adoption of SFAS 160 to have a significant impact on our results of operations or financial position.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not required

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of March 31, 2008, we carried out an evaluation of the effectiveness of the design and operation of our “disclosure controls and procedures” (as defined in the Exchange Act Rules 13a-15(e) and 15d-15(e)) under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer. Based upon that evaluation, we concluded that our disclosure controls and procedures are effective.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act are recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management to allow timely decisions regarding required disclosure.

During the quarter ended March 31, 2008, there were no changes in our internal control over financial reporting that have materially affected our internal control over financial reporting.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

There have been no material changes from the disclosure provided in Part 1, Item 3 of our Annual Report on Form 10-K for the year ended December 31, 2007.

Item 1A. Risk Factors

There have been no material changes from the disclosure provided in Part 1, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2007.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

Item 6. Exhibits

(a) Exhibits

Exhibit Number Description of Exhibit

31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the Securities and Exchange Act of 1934, as amended.
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14 and Rule 15d 14(a), promulgated under the Securities and Exchange Act of 1934, as amended.
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Executive Officer).
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Financial Officer).

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Shiner International, Inc.

May 6, 2008

By: /s/ Fu Jian

Fu Jian
Chief Executive Officer (Principal Executive
Officer)

May 6, 2008

By: /s/ Xuezhu Xu

Xuezhu Xu
Chief Financial Officer
(Principal Financial and Accounting Officer)