

TSANN KUEN (CHINA) ENTERPRISE CO., LTD

REPORT FOR THE FIRST QUARTER OF 2011

§1 Important Notes

- 1.1 The Board of Directors, the Supervisory Committee as well as directors, supervisors and senior executives of TSANN KUEN (CHINA) ENTERPRISE CO., LTD. (hereinafter referred to as “the Company”) guarantee that this report does not contain any false information, misleading statement or material omission and will take individual and/or joint liabilities for the factuality, accuracy and completeness of this report.
- 1.2 No directors, supervisors or senior executives have demonstrated uncertainty or disagreement about the factuality, accuracy and completeness of the quarterly report.
- 1.3 All directors attended the board session for reviewing the quarterly report.
- 1.4 Financial statements for the first quarter of 2011 have not been audited by an accounting firm.
- 1.5 Mr. Jian Derong, Chairman of the Board, and Mr. Chen Zongyi, Accounting Manager, jointly guarantee that the financial statements enclosed in the quarterly report is factual and complete.

[English Translation for Reference Only. Should there be any inconsistency between the Chinese and English versions, the Chinese version shall prevail.]

§ 2 Company Profile

Stock abbr.	Min Tsann Kuen B	
Stock code	200512	
	Company Secretary	Securities Representative
Name	Luo Qingxing	Sun Meimei
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2.1 Main accounting data and financial indices

Unit: RMB Yuan

Items	31 Mar. 2011	31 Dec. 2010	Increase/decrease (%)
Total assets (Yuan)	1,925,013,722.37	1,985,108,875.38	(3.03)
Owners' equity attributable to shareholders of the Company (Yuan)	477,348,952.34	461,411,506.21	3.45
Share capital (share)	1,112,350,077.00	1,112,350,077.00	0.00
Net assets per share attributable to shareholders of the Company (Yuan/share)	0.43	0.41	4.88
Items	Jan.-Mar. 2011	Jan.-Mar. 2010	Increase/decrease (%)
Gross revenue (Yuan)	664,479,506.22	765,386,616.25	(13.18)
Net profit attributable to shareholders of the Company (Yuan)	15,656,510.21	18,445,684.38	(15.12)
Net cash flows from operating activities (Yuan)	12,626,802.27	47,910,849.17	(73.65)
Net cash flows per share from operating activities (Yuan/share)	0.01	0.04	(75.00)
Basic EPS (Yuan/share)	0.0141	0.0166	(15.06)
Diluted EPS (Yuan/share)	0.0141	0.0166	(15.06)
Weighted average ROE (%)	3.34%	4.54%	(1.20)
Weighted average ROE after deducting non-recurring gains and losses (%)	0.64%	3.61%	(2.97)

2.1.1 Items of non-recurring gains and losses

Unit: RMB Yuan

Items	1 Jan. – 31 Mar. 2011
Gains on disposal of non-current assets	1,135,277.20
Government grant recognized in current year, except for those acquired in the ordinary course of business or granted continuously in certain standard quota according to relevant national laws and regulations	687,515.00
Gains and losses from change in fair value of tradable financial assets and tradable financial liabilities and investment income from disposal of tradable financial assets, tradable financial liabilities and available-for-sale financial assets other than effective hedging business related to normal operation business of the Company	14,687,922.25
Other non-operating income and expense other than abovementioned	323,880.02
Income tax of non-recurring gains and losses	0.00
Net profit attributable to minority shareholders after deducting non-recurring gains and losses	(4,196,295.52)
Total	12,638,298.95

Explanation on important items of non-recurring gains and losses: N/A

2.1.2 Net profit difference under CAS and IFRS

The financial statements for the first quarter of 2011 were prepared in accordance with the Chinese Accounting Standards, not the International Financial Reporting Standards. According to the statutory financial statements prepared under CAS, net profit attributable to shareholders of the Company for the period from 1 Jan. 2011 to 31 Mar. 2011 was RMB 15,656,510.21, and net assets attributable to shareholders of the Company as at 31 Mar. 2011 was RMB 477,348,952.34. The two said items were adjusted as follows according to IFRS:

Unit: RMB Yuan

内容	Net profit attributable to shareholders of the Company		Owners' equity attributable to shareholders of the Company	
	Jan.-Mar. 2011	Jan.-Mar. 2010	Closing amount	Opening amount
Under IFRS	15,724,431.76	18,513,605.93	475,998,068.23	459,992,700.55
Under CAS	15,656,510.21	18,445,684.38	477,348,952.34	461,411,506.21
Adjusted items under IFRS:				
Offset the depreciation this year of the added value of fixed assets of which value is estimated to increase in 1993	67,921.55	67,921.55	(1,350,884.11)	(1,418,805.66)
Total difference under CAS and IFRS	67,921.55	67,921.55	(1,350,884.11)	(1,418,805.66)
Explanation on the difference under CAS and IFRS	The depreciation this year of the added value of fixed assets of which value is estimated to increase in 1993 is offset.			

2.2 Total number of shareholders and shares held by the top ten shareholders not subject to trading moratorium at the end of the reporting period

Unit: Share

Total number of shareholders at the end of the reporting period		32,402	
Shares held by the top ten shareholders not subject to trading moratorium			
Serial No.	Name of shareholder	Shares not subject to trading moratorium held at the period-end	Type of share
1	FORDCHEE DEVELOPMENT LIMITED	323,643,179	B share
2	EUPA INDUSTRY CORPORATION LIMITED	153,802,306	B share
3	FILLMAN INVESTMENTS LIMITED	27,729,575	B share
4	TIMMERTON CO INC	14,505,644	B share
5	CHEN YONGQUAN	10,004,383	B share
6	LI YIJUN	7,692,959	B share
7	SHANGHAI HONG KONG INTERNATIONAL SECURITIES LIMITED	6,095,002	B share
8	CHEN LIJUAN	6,076,746	B share
9	CHEN YONGQING	5,889,589	B share
10	CSC SECURITIES (HK) LTD	4,734,079	B share
Explanation on associated relationship among the above-mentioned shareholders or acting-in-concert		The top three shareholders are the Company's corporate controlling shareholders. It is unknown to the Company whether there exists associated relationship among the shareholders above or they are acting-in-concert entities as stipulated in the Administrative Measures on Information Disclosure of Changes in Shareholding of Listed Companies.	

§ 3 Significant Events

Sales of assets:

The Company disclosed the Announcement on Selling Some Operation Assets of Accessory Factory by Controlling Subsidiary Zhangzhou Tsann Kuen, the Announcement on Progress of Sales of Some Operation Assets of Accessory Factory By Controlling Subsidiary and New Asset Sale, and the Announcement on Progress of Sales of Some Operation Assets of Accessory Factory by Controlling Subsidiary and Another New Asset Sale on Securities Times, HK Ta Kung Pao and <http://www.cninfo.com.cn> respectively on 29 Jul. 2008, 21 Jan. 2009, 28 Apr. 2009 and 28 Apr. 2010. As at 31 Mar. 2011, the relevant progress is as follows:

Unit: RMB Ten thousand

Transaction party	Asset sold	Date of selling	Selling price	Net profit contributed by the sold asset to the Company from the year-begin to the selling date	Gains and losses arising from such sale	Related-party transaction or not	Explanation on pricing principle	Ownership of the asset was all transferred or not	Relevant credits and liabilities were all transferred or not	Related-party relationship
Zhangzhou Baokun	Motor equipment	2011.01.31	12.00	5.47	5.47	No	The transaction prices were decided based on the principle of being above the net book value, as well as based on the assessment and market prices.	Yes	No	Non-related parties
Zhangzhou Shunkun	Bakelite equipment	2011.01.31	0.35	0.31	0.31			Yes	Yes	
Zhangzhou Haikun	Die casting equipment	2011.02.28	36.20	34.33	34.33			Yes	No	
Zhangzhou Bo'er	Die casting equipment	2011.02.28	17.50	15.71	15.71			Yes	No	
Zhangzhou Yufeng	Die casting equipment	2011.02.28	6.30	6.18	6.18			Yes	No	
Zhangzhou Hongyuan	Die casting equipment	2011.02.28	3.60	3.53	3.53			Yes	No	
Zhangzhou Ruicheng	Die casting equipment	2011.02.28	6.00	5.88	5.88			Yes	No	
Zhangzhou Shengyuan	Hardware equipment	2011.03.30	5.20	4.46	4.46			Yes	No	
Zhangzhou Xiangkun	Hardware equipment	2011.03.30	2.67	2.42	2.42			Yes	No	
Zhangzhou Hewang	Bakelite equipment	2011.03.30	0.80	0.49	0.49			Yes	No	
Zhangzhou Haikun	Die casting equipment	2011.03.30	1.10	1.03	1.03			Yes	No	
Total			91.72	79.83	79.83					

3.1 Significant changes in main accounting statement items and financial indicators as well as reasons for these changes

√ Applicable □ Non-applicable

Unit: RMB Yuan

Serial No.	Items	Closing amount	Opening amount	Increase/decrease (%)	Main reasons for the change
1	Transactional financial assets	14,592,672.02	2,301,579.95	534.03%	Unsettled forward foreign exchange contracts increased in the reporting period.
2	Prepayments	6,733,114.91	8,658,966.52	-22.24%	Prepayments for materials checked and put in storage as well as amortization of insurance premiums
3	Interest receivable	67,777.51	128,237.14	-47.15%	Some term deposits were due and relevant interest incomes were accounted in the reporting period.
4	Other receivables	29,378,496.39	60,422,920.42	-51.38%	Receipt of national export tax refunds for 2010
5	Inventories	204,197,713.99	276,589,483.95	-26.17%	The Company's control over its inventories
6	Goodwill	996,979.09	2,496,979.09	-60.07%	Transfer of equity interests of Suzhou Tai Lake International Travel Service Co., Ltd.
7	Notes payable	55,542,986.82	77,161,578.38	-28.02%	Mature notes were settled.
8	Other payables	213,354,072.31	90,697,163.04	135.24%	Loans from the controlling shareholder in the reporting period
9	Deferred income tax liabilities	3,648,168.01	345,236.99	956.71%	Unsettled forward foreign exchange amounts at the period-end were estimated to be profitable.

Serial No.	Items	Jan.-Mar. 2011	Jan.-Mar. 2010	Increase/decrease (%)	Main reasons for the change
1	Business taxes and surcharges	4,257,112.51	1,042,276.29	308.44%	A new tax—city maintenance tax—and increase of the surtax rate
2	Financial expense	995,255.00	(1,366,457.41)	172.83%	Increase of the foreign exchange loss in the reporting period
3	Asset impairment loss	338,284.11	1,354,248.47	-75.02%	Bad-debt provisions were made for some receivables in the same period of last year.
4	Gain on fair value changes ("-"for loss)	12,291,092.07	(844,006.90)	1556.28%	Increase of unsettled forward foreign exchange contracts
5	Investment gain ("-"for loss)	2,417,462.38	1,184,538.21	104.08%	Increase of settled forward foreign exchange contracts
6	Non-business income	3,385,133.22	5,120,196.58	-33.89%	Less gain on asset disposal
7	Non-business expense	533,764.37	183,276.52	191.23%	Loss on asset scrapping
8	Income tax expense	4,756,805.06	2,453,123.41	93.91%	The unsettled forward contract amount increased over the same period of last year and the estimated income tax increased accordingly.
9	Net cash flows from operating activities	12,626,802.27	47,910,849.17	-73.65%	Decrease of the turnover and increase of payments for materials purchased
10	Net cash flows from investing activities	(7,648,370.63)	(3,056,960.90)	150.20%	Less gain on asset disposal as compared to the same period of last year
11	Net cash flows from financing activities	111,138,900.13	(228,300,753.64)	148.68%	Loans from the controlling shareholder

3.2 Progress of significant events as well as their influence and solutions

3.2.1 Non-standard audit opinion

Applicable Inapplicable

3.2.2 The Company provides funds for the controlling shareholder or its related parties or provides external guarantees in violation of the prescribed procedure

Applicable Inapplicable

3.2.3 Significant contracts signed and executed concerning routine operation

Applicable Inapplicable

The Company's subsidiary Zhangzhou Tsann Kuen signed Cooperation Framework Agreement, Agreement on Transaction of Working Assets, and Supply Agreement on Raw Materials etc. with Shanghai Sigma Metals Co., Ltd. on 31 Dec. 2006. The main content of the agreements were as follows: besides selling working assets, Zhangzhou Tsann Kuen had to transfer business opportunities to Shanghai Sigma, and the total amount of the transactions reached RMB 100,000,000; Shanghai Sigma would act as the Company's main supplier of raw materials for aluminum products, fixing settlement price in accordance with reduced amount and ratio per ton engaged by both parties. In light of the Agreement on Transaction of Working Assets, Shanghai Sigma paid down payment of RMB 38,000,000, and would monthly deduct and offset the balance of RMB 62,000,000 from processing fee of molten aluminum, which was commissioned to manufacturer by Zhangzhou Tsann Kuen and produced by Shanghai Sigma, in the future. Zhangzhou Tsann Kuen committed to procure molten aluminum or aluminum ingots from Shanghai Sigma with procurement volume no less than 70% of its total demand for molten aluminum or aluminum ingots during the next three years upon the effectiveness of Supply Agreement on Raw Materials. When it comes to the expiry of the aforesaid three years, and the balance still hasn't been offset completely from the processing fee for the sake of insufficiency of orders from Zhangzhou Tsann Kuen -- Zhangzhou Tsann Kuen will then agree on the extension of Supply Agreement on Raw Materials and offset the rest balance by business cooperation. Shanghai Sigma won't have to pay the rest balance if the agreement is terminated because of Zhangzhou Tsann Kuen's fault; or Shanghai Sigma will have to implement one-time payment if the agreement is terminated because of its own fault.

The aforesaid agreements had been executed for three years as at the balance sheet date. The rest balance of RMB 39,746,220.40 hadn't been carried over yet and would be continually deducted and offset in the future. Currently, the Company has hired lawyers to look into the said agreement and discuss with Shanghai Sigma Metals.

3.2.4 Other

Applicable Inapplicable

3.3 Commitments made by the Company, its shareholders and actual controller

Applicable Inapplicable

3.4 Warnings of possible loss or large-margin year-on-year change of the accumulative net profit made during the period from the beginning of the year to the end of the next reporting period according to prediction, as well as explanations on the reasons

Applicable Inapplicable

3.5 Other significant events

3.5.1 Securities investments

Applicable Inapplicable

3.5.2 Researches, interviews and visits received in the reporting period

In the reporting period, when receiving researches and interviews, the Company and relevant information disclosure obligors abided by the Guidelines for Fair Information Disclosure of Listed Companies, not conducting differential treatments or selectively and privately leaking undisclosed information to certain parties. And the researches and interviews received were detailed as follows:

Time	Place	Way of reception	Visitor	Main discussion and information provided by the Company
2011.01.05	Company Office	Field research	Investment Director He Minji and Analyst Ouyang Puwen from Value Partners	Operational status of the Company with no material provided by the Company
2011.01.07		By phone	Mr. Wang	Operational status of the Company with no material provided by the Company
2011.01.21		By phone	Mr. Wang	Operational status of the Company with no material provided by the Company
2011.03.07		By phone	Mr. Zhou	Operational status of the Company with no material provided by the Company
2011.03.08		By phone	Mr. Zhong	Operational status of the Company with no material provided by the Company

3.5.3 Change in the consolidation scope

1. Subsidiaries de-consolidated for the reporting period

Applicable Inapplicable

Unit: RMB Yuan

De-consolidated subsidiary	Date of de-consolidation	Net assets of the subsidiary on the disposal date	Net profit contributed by the subsidiary from the year-begin to the disposal date	Reason for de-consolidation
Suzhou Tai Lake International Travel Service Co., Ltd.	22 Feb. 2011	(1,297,175.94)	(119,956.55)	Equity transfer

2. Subsidiaries newly consolidated for the reporting period

Applicable Inapplicable

3.6 Derivative investments

✓ Applicable □ Inapplicable

As a listed company, the Company has not been engaged in derivatives investment. And this derivatives investment deal was conducted by the Company's holding subsidiary—Zhangzhou Tsann Kuen Enterprise Co., Ltd.—in order to avoid foreign exchange risks, which involved buying and selling derivative financial products such as forward exchange and forward purchase/sale of foreign currency.

Zhangzhou Tsann Kuen Enterprise Co., Ltd., the Company's holding subsidiary, established the Management Procedures for Trading Derivative Financial Products after the Procedures was approved at the board session held on 6 Mar. 2008.

Analysis on risks and control measures of derivative products held in the reporting period (including but not limited to market risk, liquidity risk, credit risk, operation risk, law risk, etc.)	<p>1. Analysis on risks from holding of derivative products: gains or losses from difference between contracted exchange rate and market exchange rate on value date.</p> <p>2. Control measures:</p> <p>(1) Principle: total amount of whole contracted derivative financial commodities will not exceed sum of net position (net position: total foreign currency assets- total foreign currency liabilities) of current assets liabilities plus net position arising from business of the Company in the next 6 months.</p> <p>(2) Separation of post: separation of post of trader, dealer and authorization.</p> <p>(3) Normalization of procedure: trader should offer sufficient market information and risks to people who was authorized, clarify possible risks, consider feasibility of transaction when sign the contract, and complete derivative financial commodities trade with authorization. Documents referring to contract trade need examination of legal affairs ministry, and the dealer will requested to be authorized when complete business transaction.</p> <p>(4) Periodic evaluation: The Company kept an eye on the profit and loss from the fair value changes of the derivative by checking daily/(monthly) the difference between the estimated exchange rate (provided by the bank)*the undue contracted amount and the currency amount when bought in.</p> <p>(5) Loss limit: contracted losses mustn't exceed 6% of total trading amount.</p> <p>(6) Audit system: Audit ministry audits derivative audit trade of derivative financial products periodically and submit audit report.</p>
Changes of market prices or fair values in the reporting period of the invested derivatives. And the analysis on the fair value of the derivatives should include the specific use methods and the relevant assumptions and parameters.	<p>(1) Gain on settled investments of derivative products was RMB 2,396,830.23 in the reporting period, and gain on unsettled such investments was estimated to be RMB 12,291,092.07;</p> <p>(2) The former contracted bank provided monthly sheets of estimated exchange rates for the undue contracted forward exchanges on the last trading day of the month;</p> <p>(3) The profit and loss from fair value changes of the derivative was confirmed according to the difference between the contracted amount undue by the month*the estimated exchange rate and the currency amount when bought in.</p>
Whether significant changes occurred to the Company's accounting policy and specific accounting principles of derivatives in the reporting period compared to the previous report period	There were no significant changes between the Company's accounting policy and specific accounting principles of derivatives in the reporting period and those in the last report period.
Specific opinion from independent directors, sponsors or financial consultants on the Company's derivatives investment and risk control	Derivative investment, which was operated by Zhangzhou Tsann Kuen, controlling subsidiary of the Company, was performance of signed contract. Then they will execute the examination and review procedure of the Board Meeting or Shareholder's Meeting in accordance with regulations and execute obligation of information disclosure in time.

3.6.1 Derivative investments held at the end of the reporting period√ Applicable Inapplicable

Unit: RMB Yuan

Type of contract	Beginning contract amount	Closing contract amount	Gain or loss in the reporting period	Proportion of the closing contract amount in the closing net assets of the Company (%)
Forward foreign exchange trade	44,380,034.94	44,536,705.15	1,034,992.07	9.33%
Forward FX sales and purchases	265,523,000.00	809,109,100.00	11,256,100.00	169.50%
Total	309,903,034.94	853,645,805.15	12,292,092.07	178.83%

§4 Attachments

4.1 Balance sheet

Balance Sheet (Un-audited)

As at 31 Mar. 2011

Prepared by Tsann Kuen (China) Enterprise Co., Ltd.

Unit: RMB Yuan

Items	Closing amount		Opening amount	
	Consolidation	The Company	Consolidation	The Company
Current Assets:				
Monetary funds	744,024,102.29	40,805,848.24	640,945,107.83	904,966.64
Transactional financial assets	14,592,672.02		2,301,579.95	
Notes receivable	4,037,834.00		4,304,903.10	
Accounts receivable	418,132,874.30		458,742,818.28	
Accounts paid in advance	6,733,114.91	365,399.00	8,658,966.52	93,254.00
Interest receivable	67,777.51		128,237.14	
Dividend receivable				
Other accounts receivable	29,378,496.39	2,419,595.33	60,422,920.42	126,090.00
Inventories	204,197,713.99		276,589,483.95	
Non-current assets due within 1 year				
Other current assets				
Total current assets	1,421,164,585.41	43,590,842.57	1,452,094,017.19	1,124,310.64
Non-current assets:				
Available-for-sale financial assets				
Held-to-maturity investments				
Long-term accounts receivable	65,574,291.18		71,186,747.74	
Long-term equity investment	40,000.00	990,854,030.83	40,000.00	990,854,030.83
Investing property	28,212,362.52	23,894,400.88	29,344,230.78	24,409,738.09
Fixed assets	348,627,573.30	26,092,011.38	367,750,001.33	27,071,431.70
Construction in progress	2,675,327.93		2,842,516.56	
Engineering materials				
Disposal of fixed assets				
Production biological assets				
Oil-gas assets				
Intangible assets	24,521,265.93	19,061,564.61	25,021,404.35	19,315,381.38
R&D expense				
Goodwill	996,979.09		2,496,979.09	
Long-term deferred expenses	6,275,561.46	137,265.54	5,953,419.25	145,340.04
Deferred income tax assets	26,925,775.55		28,379,559.09	
Other non-current assets				
Total of non-current assets	503,849,136.96	1,060,039,273.24	533,014,858.19	1,061,795,922.04
Total assets	1,925,013,722.37	1,103,630,115.81	1,985,108,875.38	1,062,920,232.68

Report for the First Quarter of 2011 of Tsann Kuen (China) Enterprise Co., Ltd.
Balance Sheet –Continued (Un-audited)

As at 31 Mar. 2011

Prepared by Tsann Kuen (China) Enterprise Co., Ltd.

Unit: RMB Yuan

Items	Closing amount		Opening amount	
	Consolidation	The Company	Consolidation	The Company
Current liabilities:				
Short-term borrowings				
Transactional financial liabilities				
Notes payable	55,542,986.82		77,161,578.38	
Accounts payable	677,422,737.08	219,830.30	836,505,277.66	274,567.76
Accounts received in advance	15,468,830.21	30,000.00	15,875,235.26	31,260.00
Employee's compensation payable	32,589,454.71	126,300.16	37,912,505.82	208,568.85
Tax payable	46,165,875.98	68,888,581.96	48,362,325.48	68,937,341.03
Interest payable				
Dividend payable				
Other accounts payable	213,354,072.31	569,917,241.53	90,697,163.04	594,840,595.36
Non-current liabilities due within 1 year				
Other current liabilities				
Total current liabilities	1,040,543,957.11	639,181,953.95	1,106,514,085.64	664,292,333.00
Non-current liabilities:				
Long-term borrowings				
Bonds payable				
Long-term payables				
Deferred income				
Estimated liabilities				
Deferred income tax liabilities	3,648,168.01		345,236.99	
Other non-current liabilities	42,749,663.05		39,746,220.40	
Total non-current liabilities	46,397,831.06	0.00	40,091,457.39	0.00
Total liabilities	1,086,941,788.17	639,181,953.95	1,146,605,543.03	664,292,333.00
Shareholders' equity				
Share capital	1,112,350,077.00	1,112,350,077.00	1,112,350,077.00	1,112,350,077.00
Capital reserves	125,035,204.92	123,485,181.40	125,035,204.92	123,485,181.40
Less: Treasury stock				
Surplus reserves				
Provisions for general risks				
Retained profits	(760,033,301.25)	(771,387,096.54)	(775,973,855.22)	(837,207,358.72)
Foreign exchange difference	(3,028.33)		79.51	
Total equity attributable to owners of the Company	477,348,952.34	464,448,161.86	461,411,506.21	398,627,899.68
Minority interests	360,722,981.86		377,091,826.14	
Total owners' equity	838,071,934.20	464,448,161.86	838,503,332.35	398,627,899.68
Total liabilities and owners' equity	1,925,013,722.37	1,103,630,115.81	1,985,108,875.38	1,062,920,232.68

Legal Representative: Jian Derong

CFO: Chen Zongyi

Accounting Manager: Chen Zongyi

4.2 Income Statement

Income Statement (Un-audited)

1 Jan.-31 Mar. 2011

Prepared by Tsann Kuen (China) Enterprise Co., Ltd.

Unit: RMB Yuan

Items	Jan.-Mar. 2011		Jan.-Mar. 2010	
	Consolidation	The Company	Consolidation	The Company
I. Total operating revenues	664,479,506.22	588,357.60	765,386,616.25	1,519,018.01
II. Total operating cost	655,370,026.63	2,553,871.43	743,281,526.43	2,695,449.83
Including: Cost of sales	572,850,476.33	534,277.68	665,449,907.42	1,473,143.30
Taxes and associate charges	4,257,112.51	32,671.79	1,042,276.29	76,031.62
Selling and distribution expenses	23,157,067.06		25,910,761.19	
Administrative expenses	53,771,831.62	1,987,550.68	50,890,790.47	1,574,840.54
Financial expenses	995,255.00	(628.72)	(1,366,457.41)	22,156.93
Asset impairment loss	338,284.11		1,354,248.47	(450,722.56)
Add: Gain/(loss) from change in fair value (“-” means loss)	12,291,092.07		(844,006.90)	
Gain/(loss) from investment (“-” means loss)	2,417,462.38	67,732,295.69	1,184,538.21	7,849,213.97
Including: share of profits in associates and joint ventures				
III. Business profit	23,818,034.04	65,766,781.86	22,445,621.13	6,672,782.15
Add: non-operating income	3,385,133.22	143,480.32	5,120,196.58	99,112.19
Less: non-operating expense	533,764.37	90,000.00	183,276.52	
Including: loss from non-current asset disposal	334,675.58		8,781.08	
IV. Total profit (“-” means loss)	26,669,402.89	65,820,262.18	27,382,541.19	6,771,894.34
Less: Income tax expense	4,756,805.06		2,453,123.41	
V. Net profit (“-” means loss)	21,912,597.83	65,820,262.18	24,929,417.78	6,771,894.34
Attributable to owners of the Company	15,656,510.21	65,820,262.18	18,445,684.38	6,771,894.34
Minority shareholders' income	6,256,087.62		6,483,733.40	
VI. Earnings per share				
(I) basic earnings per share	0.0141		0.0166	
(II) diluted earnings per share	0.0141		0.0166	
VII. Other comprehensive incomes	(3,107.84)	-	443,930.80	107,321.76
VIII. Total comprehensive incomes	21,909,489.99	65,820,262.18	25,373,348.58	6,879,216.10
Attributable to owners of the Company	15,654,179.33	65,820,262.18	18,889,615.18	6,879,216.10
Attributable to minority shareholders	6,255,310.66		6,483,733.40	

Legal Representative: Jian Derong

CFO: Chen Zongyi

Accounting Manager: Chen Zongyi

Where there were business combinations under the same control in the reporting period, the combined parties achieved net profits of RMB 0.00 before the combinations.

4.3 Cash Flow Statement

Cash Flow Statement (Un-audited)

1 Jan.-31 Mar. 2011

Prepared by Tsann Kuen (China) Enterprise Co., Ltd.

Unit: RMB Yuan

Items	Jan.-Mar. 2011		Jan.-Mar. 2010	
	Consolidation	The Company	Consolidation	The Company
I. Cash flows from operating activities:				
Cash received from sale of commodities and rendering of service	724,144,123.35	0.00	757,929,692.49	
Tax refunds received	84,981,611.39	15,060.94	49,601,510.57	
Other cash received relating to operating activities	20,147,678.69	9,622,030.22	20,767,380.01	10,860,348.65
Subtotal of cash inflows from operating activities	829,273,413.43	9,637,091.16	828,298,583.07	10,860,348.65
Cash paid for goods and services	677,338,778.45	0.00	600,565,170.61	
Cash paid to and for employees	71,250,333.12	9,568,261.26	88,976,481.56	8,814,086.55
Various taxes paid	10,035,998.83	1,358,348.66	6,505,020.50	1,017,765.88
Other cash payment relating to operating activities	58,021,500.76	1,465,249.15	84,341,061.23	9,149,387.14
Subtotal of cash outflows from operating activities	816,646,611.16	12,391,859.07	780,387,733.90	18,981,239.57
Net cash flows from operating activities	12,626,802.27	(2,754,767.91)	47,910,849.17	(8,120,890.92)
II. Cash flows from investing activities:				
Cash received from disposal of investments	500,000.00	0.00		
Cash received from return on investments	7,500.00	67,732,295.69	7,500.00	7,849,213.97
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	2,095,326.14	0.00	5,820,974.43	
Net cash received from disposal of subsidiaries or other business units	0.00	0.00		
Other cash received relating to investing activities	0.00	0.00		
Subtotal of cash inflows from investing activities	2,602,826.14	67,732,295.69	5,828,474.43	7,849,213.97
Cash paid to acquire fixed assets, intangible assets and other long-term assets	9,959,076.09	76,400.00	8,663,435.33	1,240,357.88
Cash paid for investment	292,120.68	0.00	222,000.00	
Net cash paid to acquire subsidiaries and other business units	0.00	0.00		
Other cash payments relating to investing activities	0.00	0.00		
Subtotal of cash outflows from investing activities	10,251,196.77	76,400.00	8,885,435.33	1,240,357.88
Net cash flows from investing activities	(7,648,370.63)	67,655,895.69	(3,056,960.90)	6,608,856.09
III. Cash flows from financing activities:				
Cash received from capital contributions	0.00	0.00		
Including: Cash received from minority shareholder investments by subsidiaries	0.00	0.00		
Cash received from borrowings		0.00		
Cash received from issuance of bonds	0.00	0.00		
Other cash received relating to financing activities	131,431,000.00	5,000,000.00		160,000,000.00
Subtotal of cash inflows from financing activities	131,431,000.00	5,000,000.00	0.00	160,000,000.00
Repayment of borrowings	0.00	0.00	68,370,277.44	
Cash paid for interest expenses and distribution of dividends or profit	20,292,099.87	0.00	2,352,514.18	
Including: dividends or profit paid by subsidiaries to minority shareholders	20,292,099.87	0.00		
Other cash payments relating to financing activities	0.00	30,000,000.00	157,577,962.02	157,577,962.02
Sub-total of cash outflows from financing activities	20,292,099.87	30,000,000.00	228,300,753.64	157,577,962.02
Net cash flows from financing activities	111,138,900.13	(25,000,000.00)	(228,300,753.64)	2,422,037.98
IV. Effect of foreign exchange rate changes on cash and cash equivalents	(396,542.40)	(246.18)	(151,457.62)	(6,911.25)
V. Net increase in cash and cash equivalents	115,720,789.37	39,900,881.60	(183,598,322.99)	903,091.90
Add: Cash and cash equivalents at the period-begin	627,477,733.10	904,966.64	540,739,906.30	494,441.23
VI. Cash and cash equivalents at the period-end	743,198,522.47	40,805,848.24	357,141,583.31	1,397,533.13

Legal Representative: Jian Derong

CFO: Chen Zongyi

Accounting Manager: Chen Zongyi

4.4 Auditor's report

Auditor's opinion: un-audited

Chairman of the Board: Jian Derong
Board of Directors of Tsann Kuen (China) Enterprise Co., Ltd.
23 April 2011