

TSANN KUEN (CHINA) ENTERPRISE CO., LTD.

SEMI-ANNUAL REPORT 2013

AUGUST 2013

I. Important Reminders, Contents & Explanation

The Board of Directors, the Supervisory Committee as well as all directors, supervisors and senior management staff of TSANN KUEN (CHINA) ENTERPRISE CO., LTD. (hereinafter referred to as “the Company”) warrant that this report is factual, accurate and complete without any false record, misleading statement or material omission. And they shall be jointly and severally liable for that.

All directors attended the board session for reviewing this report.

The Company plans not to distribute cash dividends or bonus shares or turn capital reserve into share capital.

Mr. Jian Derong, company principal, and Mr. Chen Zongyi, head of the accounting work & the accounting division (head of accounting) jointly declare that the financial statements carried in this report are factual, accurate and complete.

English Translation for Reference Only. Should there be any discrepancy between the two versions, the Chinese version shall prevail.

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Explanation

Term	Refers to	Contents
Xiamen Tsann Kuen, MCKB, Company, the Company, TKC	Refers to	TSANN KUEN (CHINA) ENTERPRISE CO., LTD.
Tsann Kuen Zhangzhou, TKL	Refers to	Tsann Kuen Zhangzhou Enterprise Co., Ltd.
Tsann Kuen Shanghai, TKS	Refers to	Tsann Kuen China (Shanghai) Enterprise Co., Ltd.
Xiamen Star Travel, TSX	Refers to	Xiamen Star Travel International Travel Service Co., Ltd.
South Port Electronics, TKN	Refers to	Tsann Kuen (Zhangzhou) South Port Electronics Enterprise Co., Ltd.
Tsann Kuen Institute, LTC	Refers to	Tsann Kuen (Zhangzhou) Vocational Technical Institute
STD	Refers to	Shanghai Star Commerce & Trade Co., Ltd.
TSX3C	Refers to	Xiamen Star Commerce & Trade Co., Ltd.
SCCX	Refers to	Xiamen Star Comgistic Capital Co., Ltd
TSST	Refers to	Shanghai Fanxin Airlines Service Co., Ltd.
TSD	Refers to	Star (Dalian) International Travel Service Co., Ltd.
TSXT	Refers to	Xiamen Star Airlines Service Co., Ltd.
East Sino Development	Refers to	East Sino Development Limited
SCI	Refers to	Pt. Star Comgistic Indonesia
Yuan	Refers to	RMB Yuan

II. Company Profile

I. Basic information of the Company

Stock abbreviation	MCKB	Stock code	200512
Stock exchange listed with	Shenzhen Stock Exchange		
Chinese name of the Company	厦门灿坤实业股份有限公司		
Abbr. of the Chinese name of the Company	闽灿坤		
English name of the Company	TSANNKUEN(CHINA) ENTERPRISE CO. LTD		
Abbr. of the English name of the Company	TKC		
Legal representative of the Company	Jian Derong		

II. For Contact

	Company Secretary	Securities Affairs Representative
Name	Sun Meimei	Xiong Jianlin
Contact address	TSANN KUEN Industrial Park, Taiwanese Investment Zone, Zhangzhou, Fujian Province	TSANN KUEN Industrial Park, Taiwanese Investment Zone, Zhangzhou, Fujian Province
Tel.	0596-6268161	0596-6268103
Fax	0596-6268104	0596-6268104
E-mail	mm_sun@tkl.tsannkuen.com	jl_xiong@tkl.tsannkuen.com

III. Other information

1. Ways to contact the Company

Did any change occur to the registered address, office address and their postal codes, website address and email address of the Company during the reporting period?

Applicable Inapplicable

2. About information disclosure and where this report is placed

Did any change occur to information disclosure media and where this report is placed during the reporting period?

Applicable Inapplicable

3. Change of the registered information

Did any change occur to the registered information during the reporting period?

Applicable Inapplicable

4. Other relevant information

Did any change occur to other relevant information during the reporting period?

Applicable Inapplicable

III. Accounting & Business Highlights

I. Major accounting data and financial indicators

Major accounting data	Reporting period	Same period of last year	YoY +/- (%)
Operating revenues	877,844,207.80	1,069,083,488.49	-17.89%
Net profit attributable to shareholders of the Company	10,425,680.85	-19,378,850.76	153.80%
Net profit attributable to shareholders of the Company after deducting non-recurring gains and losses	707,622.89	-18,876,331.13	103.75%
Net cash flow from operating activities	-63,436,545.48	-46,565,599.37	-36.23%
Basic EPS	0.06	-0.10	160.00%
Diluted EPS	0.06	-0.10	160.00%
Weighted average ROE (%)	2.14%	-4.08%	6.22%
Major accounting data	As at the end of the reporting period	As at the end of last year	YoY +/- (%)
Total assets	1,802,731,082.11	1,679,847,838.18	7.32%
Owners' equity attributable to shareholders of the Company	485,352,491.45	488,049,282.91	-0.55%

II. Differences between accounting data under domestic and overseas accounting standards

1. Differences of net profit and net assets disclosed in financial reports prepared under international and Chinese accounting standards

Yes No

2. Differences of net profit and net assets disclosed in financial reports prepared under overseas and Chinese accounting standards

Yes No

3. Reasons for accounting data differences under the domestic and overseas accounting standards

Yes No

III. Items and amounts of extraordinary gains and losses

Item	Amount (RMB Yuan)	Explanation
Gains/losses on the disposal of non-current assets (including the offset part of asset impairment provisions)	1,579,092.37	
Tax rebates, reductions or exemptions due to approval beyond authority or the lack of official approval documents		
Government grants recognized in the current period, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the country's unified standards	2,430,845.00	
Capital occupation charges on non-financial enterprises that recorded into current gains and losses		
Gains due to that the investment costs for the Company to obtain subsidiaries, associates and joint ventures are lower than the enjoyable fair value of the identifiable net assets of the investees when making the investments		
Gain/loss on non-monetary asset swap		
Gain/loss on entrusting others with investments or asset management		
Asset impairment provisions due to acts of God such as natural disasters		
Gain/loss on debt restructuring		
Expenses for business reorganization, such as expenses for staffing, reorganization etc.		
Gain/loss on the part over the fair value due to transactions with distinctly unfair prices		
Current gains and losses of subsidies acquired from business combination under the same control as from period-begin to combination date		
Gain/loss on contingent events irrelevant to the Company's normal business		
Gains and losses on change in fair value from tradable financial assets and tradable financial liabilities, as well as investment income from disposal of tradable financial assets and tradable financial liabilities and financial assets available for sales except for effective hedging related with normal businesses of	10,875,310.96	Gains on sale of forward exchange contracts, fair value changes, wealth management products and other current assets

Item	Amount (RMB Yuan)	Explanation
the Company		
Reversal of provision for impairment that made impairment test independently		
Gain/loss on loans obtained by entrusting others		
Gain/loss on change of the fair value of investing real estate of which the subsequent measurement is carried out adopting the fair value method		
Effect on current gains/losses when a one-off adjustment is made to current gains/losses according to requirements of taxation, accounting and other relevant laws and regulations		
Custody fee income when entrusted with operation		
Other non-operation income and expenses other than the above	-126,699.48	
Other gain/loss items that meet the definition of an extraordinary gain/loss	42,720.64	Gains on disposal of subsidiaries
Less: Income tax effects	2,100,136.68	
Minority interests effects (after tax)	2,983,074.85	
Total	9,718,057.96	

Explain the reasons if the Company classifies an item as an extraordinary gain/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Extraordinary Gains and Losses, or classifies any extraordinary gain/loss item mentioned in the said explanatory announcement as a recurrent gain/loss item

Applicable Inapplicable

IV. Report of the Board of Directors

I. Business review for the reporting period

For the reporting period, the Company achieved operating revenues of RMB 878 million, down 17.89% over the same period of last year, with net profit being RMB 10 million. The Company enhanced internal operation and management, reduced procurement costs, optimized the production and sale processes and strictly controlled the administrative and selling expenses, yielding a sharp YoY growth of 153.80% on net profit.

According to the strategic goals set—focusing on main business, improving operational management and expanding emerging market, with “cash and profit growth” as the highest guiding principal, customers’ needs as the orientation and technological innovation and design integration as the core, the Company built a high-end service mode featuring “high speed, low cost and effective solution”, created leading advantages in areas from R&D to marketing and enhanced the supporting supply chain management, so as to satisfy customers’ needs and attract international orders.

The Company continuously input for small household appliance R&D and increased competitiveness of our

products through technical innovation. Meanwhile, the Company promoted development of the Tsann Kuen brand and proactively planned for domestic sale of products such as comprehensive helpers, with the purpose of enhancing expansion of the domestic market.

II. YoY changes of major financial data

Unit: RMB Yuan

Item	Closing amount	Opening amount	+/-%	Main reasons for change
Operating revenues	877,844,207.80	1,069,083,488.49	-17.89%	
Operating costs	762,662,771.63	957,074,222.04	-20.31%	
Selling expenses	34,293,872.54	50,929,006.43	-32.66%	Operating revenues decreased and expense was controlled.
administrative expenses	74,849,826.36	91,512,870.63	-18.21%	
Financial expenses	3,869,546.71	-11,851,591.82	132.65%	RMB appreciation created an unfavorable factor for exchange.
Income tax expenses	1,139,442.82	158,701.37	617.98%	Increase of the deferred income tax liabilities
Net cash flows from operating activities	-63,436,545.48	-46,565,599.37	-36.23%	Main operating revenues decreased.
Net cash flows from investing activities	-87,554,293.09	-12,665,845.78	-591.26%	Increase of wealth management products
Net cash flows from financing activities	322,062,323.39	383,482,654.28	-16.02%	
Net increase in cash and cash equivalents	160,843,030.86	324,758,861.76	-50.47%	Decrease of export invoice financing borrowings
Transactional financial assets	6,985,964.05	0.00	100.00%	Gain on unsettled forward exchange contracts
Notes receivable	5,277,843.70	3,356,956.00	57.22%	Increase of undue banker' s acceptance notes
Other receivables	27,283,582.43	41,516,107.15	-34.28%	Receivables were settled upon maturity.
Non-current assets due within one year	228,918.82	2,434,759.94	-90.60%	Equipment payments due within one year were collected.

Item	Closing amount	Opening amount	+/-%	Main reasons for change
Investing real estate	55,701,135.53	39,319,457.87	41.66%	More real estate and land were used for operating leasing. Thus, the corresponding fixed asset and intangible asset items were restated as investing real estate items.
Intangible assets	17,026,655.19	25,461,786.16	-33.13%	The corresponding intangible asset item was restated as the investing real estate item due to land leasing.
Short-term borrowings	208,305,912.00	31,427,500.00	562.81%	Increase of export invoice financing borrowings
Transactional financial liabilities	0.00	363,255.25	-100.00%	The end of last year saw a loss on the unsettled forward exchange contracts while there was no such a case in the reporting period.
Accounts payable	425,401,429.10	647,831,038.73	-34.33%	Operating revenues decreased, bringing down the procurement.
Accounts received in advance	26,519,346.16	12,488,450.33	112.35%	Increase of advances from customers
Other payables	232,202,527.95	53,435,685.41	334.55%	The Company borrowed from the controlling shareholder.
Deferred income tax liabilities	1,129,348.13	44,686.69	2427.26%	Gains on the unsettled forward exchange contracts
Asset impairment loss	2,780,336.49	4,391,503.91	-36.69%	Inventory falling price provisions decreased over the same period of last year.
Gain on fair value change	7,349,219.30	-7,195,643.08	-202.13%	Assessment gain on unsettled forward exchange contracts
Investment income	3,576,345.30	5,118,543.74	-30.13%	A smaller income from delivered forward exchange contracts
Non-business income	4,709,673.01	2,711,575.32	73.69%	Increase of the subsidy income
Non-business expenses	826,435.12	1,450,451.43	-43.02%	A smaller loss on disposal of fixed assets
Net profit	11,379,048.09	-25,893,398.92	143.95%	The gross profit rate increased and the administrative and selling expenses decreased.

Major changes to the profit structure or sources of the Company during the reporting period:

Applicable Inapplicable

Reporting period progress of the future development planning in the disclosed documents of the Company such as share-soliciting prospectuses, offering prospectuses, asset reorganization reports, etc.:

Applicable Inapplicable

III. Breakdown of main business

Unit: RMB Yuan

Item	Operating revenues	Operating costs	Gross profit rate (%)	Increase/decrease of operating revenues over the same period of last year (%)	Increase/decrease of operating costs over the same period of last year (%)	Increase/decrease of gross profit rate over the same period of last year (%)
Classified by industry:						
Small home appliance manufacture	845,775,086.33	752,449,378.64	11.03%	-19.04%	-20.76%	1.94%
Total	845,775,086.33	752,449,378.64	11.03%	-19.04%	-20.76%	1.94%
Classified by product:						
Gourmet cooking	488,925,179.51	429,741,895.84	12.10%	-16.05%	-19.72%	4.02%
Home assistant	223,417,870.62	208,838,462.09	6.53%	-14.45%	-12.74%	-1.84%
Tea/coffee	78,725,449.38	70,039,397.60	11.03%	-27.58%	-26.50%	-1.30%
Others	54,706,586.82	43,829,623.11	19.88%	-40.78%	-45.00%	6.15%
Total	845,775,086.33	752,449,378.64	11.03%	-19.04%	-20.76%	1.94%
Classified by region:						
Australia	57,303,433.44	51,450,875.04	10.21%	-8.25%	-10.29%	2.04%
Africa	10,842,700.35	9,273,579.96	14.47%	-15.16%	-12.81%	-2.30%
America	306,490,146.35	272,173,119.01	11.20%	-19.84%	-23.04%	3.70%
Europe	194,967,224.92	169,559,595.38	13.03%	-3.92%	-5.63%	1.58%
Asia	276,171,581.27	249,992,209.25	9.48%	-28.11%	-28.22%	0.14%
Total	845,775,086.33	752,449,378.64	11.03%	-19.04%	-20.76%	1.94%

IV. Core competitiveness analysis

Applicable Inapplicable

V. Investment analysis

1. Investments in equities of external parties

(1) Investments in external parties

Investments in external parties		
Investment amount in the reporting period (RMB Ten thousand)	Investment amount in the same period of last year (RMB Ten thousand)	+/-%
0.00	3,981.19	-100%
Particulars about investees		
Name of investee	Main business	Proportion of the Company's investment in the investee's total equity interests (%)

(2) Equity-holdings in financial enterprises

Applicable Inapplicable

(3) Securities investments

Applicable Inapplicable

Shareholdings in other listed companies:

Applicable Inapplicable

2. Wealth management entrustment, derivative investments and entrustment loans

(1) Wealth management entrustment

Unit: RMB Ten thousand

Name of trustee	Relation	Related-party transaction or not	Product variety	Amount entrusted	Beginning date	Ending date	Payment determination	Principal actually recovered	Impairment provision (if any)	Predicted gain	Actual gain/loss in reporting period
Xiamen Huli sub-branch of China Construction Bank	None	No	Break-even floating income product	5,000	2013/6/25	2013/8/1	Highest annualized income rate at 6%	0	0	30.4	5.00
Xiamen International Bank	None	No	Break-even floating income product	2,000	2013/6/28	2013/9/29	Highest annualized income rate at 5.5%	0	0	28.4	0.92
Total				7,000				0	0	58.8	5.92
Source of the entrusted funds				Self-owned funds							
Cumulative overdue principals and gains				0							
Lawsuit (if applicable)				N/A							
Disclosure date of the board announcement approving the wealth management entrustment (if any)				2013/03/12							
Disclosure date of the general meeting announcement approving the wealth management entrustment (if any)				2013/05/18							

(2) Derivative investments

Unit: RMB Ten thousand

Operator	Relation	Related-party transaction or not	Type of derivative investment	Initial investment amount	Beginning date	Ending date	Opening investment amount	Impairment provision (if any)	Closing investment amount	Proportion of the closing investment amount in the Company's closing net assets (%)	Actual gain/loss in reporting period
Shanghai branch of First Sino Bank	N/A	No	Forward exchange	3,136.35	8 Jul. 2013	12 Jul. 2013	0.00		3,136.35	6.46%	29.40
Shanghai branch of First Sino Bank	N/A	No	Forward exchange	1,853.88	24 Jul. 2013	31 Jul. 2013	0.00		1,853.88	3.82%	-11.76
Shanghai branch of First Sino Bank	N/A	No	Forward exchange	3,140.90	19 Aug. 2013	30 Aug. 2013	0.00		3,140.90	6.47%	35.15
Huli sub-branch of China Construction Bank	N/A	No	Forward exchange	1,853.88	23 Aug. 2013	23 Nov. 2013	0.00		1,853.88	3.82%	-1.89
Zhangzhou branch of Bank of China	N/A	No	Forward exchange	1,862.16	9 Sept. 2013	9 Oct. 2013	0.00		1,862.16	3.84%	2.34
Zhangzhou branch of China Construction Bank	N/A	No	Forward exchange	6,169.80	20 Sept. 2013	20 Sept. 2013	0.00		6,169.80	12.71%	15.70
Zhangzhou branch of China Construction Bank	N/A	No	Forward exchange	1,571.15	25 Oct. 2013	25 Nov. 2013	0.00		1,571.15	3.24%	23.68
Zhangzhou branch of China Construction Bank	N/A	No	Forward exchange	1,571.15	25 Nov. 2013	25 Dec. 2013	0.00		1,571.15	3.24%	21.63
Shanghai branch of First Sino Bank	N/A	No	Forward exchange	1,242.28	25 Nov. 2013	29 Nov. 2013	0.00		1,242.28	2.56%	-3.18
Shanghai branch of First Sino Bank	N/A	No	Forward exchange	3,139.15	2 Dec. 2013	31 Dec. 2013	0.00		3,139.15	6.47%	28.15
Zhangzhou branch of China Construction Bank	N/A	No	Forward exchange	1,848.36	17 Dec. 2013	31 Dec. 2013	0.00		1,848.36	3.81%	5.67

Operator	Relation	Related-party transaction or not	Type of derivative investment	Initial investment amount	Beginning date	Ending date	Opening investment amount	Impairment provision (if any)	Closing investment amount	Proportion of the closing investment amount in the Company's closing net assets (%)	Actual gain/loss in reporting period
Zhangzhou branch of China Construction Bank	N/A	No	Forward exchange	1,233.96	24 Dec. 2013	31 Dec. 2013	0.00		1,233.96	2.54%	6.74
Zhangzhou branch of Industrial and Commercial Bank of China	N/A	No	Forward exchange	3,119.20	6 Jan. 2014	29 Jan. 2014	0.00		3,119.20	6.43%	23.25
Shanghai branch of First Sino Bank	N/A	No	Forward exchange	3,141.05	21 Jan. 2014	29 Jan. 2014	0.00		3,141.05	6.47%	32.90
Huli sub-branch of China Construction Bank	N/A	No	Forward exchange	3,119.20	27 Jan. 2014	28 Apr. 2014	0.00		3,119.20	6.43%	9.60
Shanghai branch of First Sino Bank	N/A	No	Forward exchange	3,120.75	10 Feb. 2014	24 Feb. 2014	0.00		3,120.75	6.43%	-6.35
Shanghai branch of First Sino Bank	N/A	No	Forward exchange	3,137.25	24 Feb. 2014	28 Feb. 2014	0.00		3,137.25	6.46%	26.90
Shanghai branch of First Sino Bank	N/A	No	Forward exchange	3,137.05	13 Mar. 2014	20 Mar. 2014	0.00		3,137.05	6.46%	23.75
Huli sub-branch of China Construction Bank	N/A	No	Forward exchange	3,135.75	24 Mar. 2014	28 Mar. 2014	0.00		3,135.75	6.46%	35.55
Shanghai branch of First Sino Bank	N/A	No	Forward exchange	3,133.70	25 Mar. 2014	3 Apr. 2014	0.00		3,133.70	6.46%	18.65
Huli sub-branch of China Construction Bank	N/A	No	Forward exchange	3,120.80	15 Apr. 2014	22 Apr. 2014	0.00		3,120.80	6.43%	9.35
Shanghai branch of First Sino Bank	N/A	No	Forward exchange	3,107.60	30 Apr. 2014	7 May 2014	0.00		3,107.60	6.40%	-19.70
Huli sub-branch of China Construction Bank	N/A	No	Forward exchange	3,096.25	9 May 2014	13 May 2014	0.00		3,096.25	6.38%	-12.50

Operator	Relation	Related-party transaction or not	Type of derivative investment	Initial investment amount	Beginning date	Ending date	Opening investment amount	Impairment provision (if any)	Closing investment amount	Proportion of the closing investment amount in the Company's closing net assets (%)	Actual gain/loss in reporting period
Huli sub-branch of China Construction Bank	N/A	No	Forward exchange	1,848.36	6 Jun. 2014	6 Jun. 2014	0.00		1,848.36	3.81%	5.04
Huli sub-branch of China Construction Bank	N/A	No	Forward exchange	3,087.85	9 Jun. 2014	9 Jun. 2014	0.00		3,087.85	6.36%	-6.85
Zhangzhou branch of China Construction Bank	N/A	No	Forward exchange	1,850.94	24 Jun. 2014	24 Jun. 2014	0.00		1,850.94	3.81%	13.86
Shanghai branch of First Sino Bank	N/A	No	Forward exchange	1,262.12	17 Jun. 2014	17 Jul. 2014	1,262.12		1,262.12	2.60%	39.10
Zhangzhou branch of China Construction Bank	N/A	No	Forward exchange	629.20	15 Jul. 2013	31 Jul. 2013	629.20		629.20	1.30%	17.09
Shanghai branch of First Sino Bank	N/A	No	Forward exchange	628.91	17 Jul. 2013	31 Jul. 2013	628.91		628.91	1.30%	11.79
Zhangzhou branch of China Construction Bank	N/A	No	Forward exchange	629.20	15 Aug. 2013	2 Sept. 2013	629.20		629.20	1.30%	14.72
Shanghai branch of First Sino Bank	N/A	No	Forward exchange	628.91	16 Aug. 2013	30 Aug. 2013	628.91		628.91	1.30%	10.49
Zhangzhou branch of China Construction Bank	N/A	No	Forward exchange	629.20	13 Sept. 2013	27 Sept. 2013	629.20		629.20	1.30%	14.29
Shanghai branch of First Sino Bank	N/A	No	Forward exchange	628.91	16 Sept. 2013	30 Sept. 2013	628.91		628.91	1.30%	8.99
Zhangzhou branch of Industrial and Commercial Bank of China	N/A	No	Forward exchange	3,145.65	19 Sept. 2013	27 Sept. 2013	3,145.65		3,145.65	6.48%	81.55
Zhangzhou branch of China Construction Bank	N/A	No	Forward exchange	629.20	16 Sept. 2013	30 Sept. 2013	629.20		629.20	1.30%	13.40

Operator	Relation	Related-party transaction or not	Type of derivative investment	Initial investment amount	Beginning date	Ending date	Opening investment amount	Impairment provision (if any)	Closing investment amount	Proportion of the closing investment amount in the Company's closing net assets (%)	Actual gain/loss in reporting period
Shanghai branch of First Sino Bank	N/A	No	Forward exchange	628.91	15 Oct. 2013	31 Oct. 2013	628.91		628.91	1.30%	7.99
Zhangzhou branch of China Construction Bank	N/A	No	Forward exchange	314.36	17 Oct. 2013	31 Oct. 2013	314.36		314.36	0.65%	6.02
Shanghai branch of First Sino Bank	N/A	No	Forward exchange	3,144.00	21 Oct. 2013	31 Oct. 2013	3,144.00		3,144.00	6.48%	50.80
Zhangzhou branch of China Construction Bank	N/A	No	Forward exchange	314.36	8 Oct. 2013	31 Oct. 2013	314.36		314.36	0.65%	5.61
Shanghai branch of First Sino Bank	N/A	No	Forward exchange	3,145.55	21 Nov. 2013	30 Nov. 2013	3,145.55		3,145.55	6.48%	59.65
Shanghai branch of First Sino Bank	N/A	No	Forward exchange	3,144.00	8 Nov. 2013	10 Dec. 2013	3,144.00		3,144.00	6.48%	53.00
Shanghai branch of First Sino Bank	N/A	No	Forward exchange	309.68	2 Dec. 2013	20 Dec. 2013	0.00		309.68	0.64%	-2.51
Shanghai branch of First Sino Bank	N/A	No	Forward exchange	307.47	22 Jul. 2013	26 Jul. 2013	0.00		307.47	0.63%	-1.88
Shanghai branch of First Sino Bank	N/A	No	Forward exchange	304.91	22 Jul. 2013	26 Aug. 2013	0.00		304.91	0.63%	-7.28
Shanghai branch of First Sino Bank	N/A	No	Forward exchange	304.99	26 Aug. 2013	30 Aug. 2013	0.00		304.99	0.63%	-5.01
Shanghai branch of First Sino Bank	N/A	No	Forward exchange	189.74	19 Aug. 2013	23 Aug. 2013	0.00		189.74	0.39%	3.67
Shanghai branch of First Sino Bank	N/A	No	Forward exchange	316.23	24 Sept. 2013	27 Sept. 2013	0.00		316.23	0.65%	-0.44
Shanghai branch of First Sino Bank	N/A	No	Forward exchange	322.61	21 Oct. 2013	25 Oct. 2013	0.00		322.61	0.66%	12.49

Operator	Relation	Related-party transaction or not	Type of derivative investment	Initial investment amount	Beginning date	Ending date	Opening investment amount	Impairment provision (if any)	Closing investment amount	Proportion of the closing investment amount in the Company's closing net assets (%)	Actual gain/loss in reporting period
Sino Bank											
Zhangzhou branch of China Construction Bank	N/A	No	Forward exchange	629.20	15 Jan. 2013	28 Jan. 2013	629.20		629.20	1.30%	3.26
Zhangzhou branch of China Construction Bank	N/A	No	Forward exchange	628.71	21 Jan. 2013	28 Jan. 2013	628.71		628.71	1.30%	1.89
Suzhou branch of First Sino Bank	N/A	No	Forward exchange	628.91	17 Jan. 2013	29 Jan. 2013	628.91		628.91	1.30%	2.85
Suzhou branch of First Sino Bank	N/A	No	Forward exchange	1,264.72	2 Jan. 2013	29 Jan. 2013	1,264.72		1,264.72	2.61%	14.60
Suzhou branch of First Sino Bank	N/A	No	Forward exchange	1,897.08	2 Jan. 2013	30 Jan. 2013	1,897.08		1,897.08	3.91%	23.25
Suzhou branch of First Sino Bank	N/A	No	Forward exchange	628.91	14 Feb. 2013	21 Feb. 2013	628.91		628.91	1.30%	2.90
Suzhou branch of First Sino Bank	N/A	No	Forward exchange	1,256.28	22 Feb. 2013	22 Feb. 2013	0.00		1,256.28	2.59%	-9.78
Suzhou branch of First Sino Bank	N/A	No	Forward exchange	1,256.28	22 Feb. 2013	25 Feb. 2013	0.00		1,256.28	2.59%	-10.20
Zhangzhou branch of China Construction Bank	N/A	No	Forward exchange	629.20	15 Feb. 2013	25 Feb. 2013	629.20		629.20	1.30%	2.52
Suzhou branch of First Sino Bank	N/A	No	Forward exchange	628.14	22 Feb. 2013	26 Feb. 2013	0.00		628.14	1.29%	-4.74
Suzhou branch of First Sino Bank	N/A	No	Forward exchange	1,260.04	1 Mar. 2013	8 Mar. 2013	1,260.04		1,260.04	2.60%	6.62
Suzhou branch of First Sino Bank	N/A	No	Forward exchange	1,261.34	8 Mar. 2013	15 Mar. 2013	1,261.34		1,261.34	2.60%	7.54

Operator	Relation	Related-party transaction or not	Type of derivative investment	Initial investment amount	Beginning date	Ending date	Opening investment amount	Impairment provision (if any)	Closing investment amount	Proportion of the closing investment amount in the Company's closing net assets (%)	Actual gain/loss in reporting period
Zhangzhou branch of China Construction Bank	N/A	No	Forward exchange	629.20	15 Mar. 2013	20 Mar. 2013	629.20		629.20	1.30%	4.28
Suzhou branch of First Sino Bank	N/A	No	Forward exchange	628.91	15 Mar. 2013	20 Mar. 2013	628.91		628.91	1.30%	4.20
Zhangzhou branch of China Construction Bank	N/A	No	Forward exchange	3,142.30	25 Mar. 2013	25 Mar. 2013	0.00		3,142.30	6.47%	2.95
Zhangzhou branch of China Construction Bank	N/A	No	Forward exchange	629.20	15 Apr. 2013	19 Apr. 2013	629.20		629.20	1.30%	7.49
Suzhou branch of First Sino Bank	N/A	No	Forward exchange	628.91	16 Apr. 2013	19 Apr. 2013	628.91		628.91	1.30%	7.41
Suzhou branch of First Sino Bank	N/A	No	Forward exchange	942.21	22 Apr. 2013	24 Apr. 2013	0.00		942.21	1.94%	2.57
Suzhou branch of First Sino Bank	N/A	No	Forward exchange	942.21	22 Apr. 2013	25 Apr. 2013	0.00		942.21	1.94%	3.83
Suzhou branch of First Sino Bank	N/A	No	Forward exchange	1,260.24	9 May 2013	9 May 2013	1,260.24		1,260.24	2.60%	26.67
Zhangzhou branch of China Construction Bank	N/A	No	Forward exchange	629.20	15 May 2013	17 May 2013	629.20		629.20	1.30%	11.47
Suzhou branch of First Sino Bank	N/A	No	Forward exchange	628.91	17 May 2013	21 May 2013	628.91		628.91	1.30%	12.25
Suzhou branch of First Sino Bank	N/A	No	Forward exchange	634.30	28 May 2013	30 May 2013	634.30		634.30	1.31%	23.30
Suzhou branch of First Sino Bank	N/A	No	Forward exchange	628.91	14 Jun. 2013	14 Jun. 2013	628.91		628.91	1.30%	15.29
Zhangzhou branch of	N/A	No	Forward exchange	629.20	17 Jun. 2013	17 Jun. 2013	629.20		629.20	1.30%	15.46

Operator	Relation	Related-party transaction or not	Type of derivative investment	Initial investment amount	Beginning date	Ending date	Opening investment amount	Impairment provision (if any)	Closing investment amount	Proportion of the closing investment amount in the Company's closing net assets (%)	Actual gain/loss in reporting period
China Construction Bank											
Suzhou branch of First Sino Bank	N/A	No	Forward exchange	356.18	31 Jan. 2013	31 Jan. 2013	0.00		356.18	0.73%	11.71
Suzhou branch of First Sino Bank	N/A	No	Forward exchange	356.18	29 Feb. 2013	20 Feb. 2013	0.00		356.18	0.73%	21.16
Suzhou branch of First Sino Bank	N/A	No	Forward exchange	363.17	1 Mar. 2013	21 Mar. 2013	363.17		363.17	0.75%	36.12
Suzhou branch of First Sino Bank	N/A	No	Forward exchange	358.51	25 Mar. 2013	28 Mar. 2013	0.00		358.51	0.74%	25.92
Suzhou branch of First Sino Bank	N/A	No	Forward exchange	348.36	22 Apr. 2013	22 Apr. 2013	0.00		348.36	0.72%	36.11
Suzhou branch of First Sino Bank	N/A	No	Forward exchange	338.80	27 May 2013	29 May 2013	0.00		338.80	0.70%	32.06
Suzhou branch of First Sino Bank	N/A	No	Forward exchange	332.43	17 Jun. 2013	19 Jun. 2013	0.00		332.43	0.68%	5.72
Total				117,713.01	--	--	35,620.74		117,713.01	242.62%	1,045.29
Capital source for derivative investment				Self-owned funds							
Disclosure date of the board announcement approving the wealth management entrustment (if any)				12 Mar. 2013							
Disclosure date of the general meeting announcement approving the wealth management entrustment (if any)				18 May 2013							
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: The purpose of the financial derivative operation is to avoid risks. The Company shall not conduct transactional operation for other purposes than risk avoidance. The Company shall not conduct complex derivative trading above the actual operation needs and shall not speculate in derivative trading with hedging as an</p>							

Operator	Relation	Related-party transaction or not	Type of derivative investment	Initial investment amount	Beginning date	Ending date	Opening investment amount	Impairment provision (if any)	Closing investment amount	Proportion of the closing investment amount in the Company's closing net assets (%)	Actual gain/loss in reporting period
											<p>excuse. The overall contractual amount for risk avoidance of the Company shall not exceed the summation of the net risk exposure of the existing assets and liabilities and the net risk exposure of assets and liabilities arising from the operation of the Company in the coming year.</p> <p>(2) Staff requirements: Personnel taking part in the investment shall all fully understand the risks of derivative investment and strictly execute the business operation and risk management mechanisms for derivative investment.</p> <p>(3) Operation standardization: Before making a derivative investment, the Company shall rationally equip itself with professional personnel for investment decision-making, business operation, risk control, etc. It shall also inquire and compare among various markets and products. Besides, it shall strictly control the variety and size of derivative investment and try to choose derivative trading on exchange as much as possible.</p> <p>(4) Periodic evaluation: Derivative investments shall be evaluated at least twice for a month and the evaluation report shall be sent to a high-ranking executive authorized by the Board of Directors. And a derivative investment report shall be sent to the Board of Directors annually.</p> <p>(5) Loss limit: The investment loss on a single derivative and all the investment loss shall not exceed 20% of the total investment amount.</p> <p>(6) Audit system: The audit department audits derivative product trading periodically and submits audit reports to relevant units.</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) Gains and losses effected by completed transaction amount of derivative products was RMB 3.4669 million, and gain from undelivered transaction was RMB 7.3492 million in the reporting period.</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 reporting 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 reporting period.
			Special opinion from independent directors, sponsor or financial consultant on the Company's derivatives investment and risk control								The Company has carried out a strict internal assessment for the financial derivative business and has established a corresponding supervision mechanism. We are of the opinion that the financial derivative business conducted by the Company is fairly necessary in its routine operation and is in compliance with relevant laws and regulations, with the risks controllable.

(3) Entrustment loans

Applicable Inapplicable

3. Use of raised funds

(1) Overview of the use of raised funds

Applicable Inapplicable

(2) Projects invested with raised funds as promised

Applicable Inapplicable

(3) Change of raised-funds-invested projects

Applicable Inapplicable

(4) Projects invested with raised funds

Applicable Inapplicable

4. Analysis to main subsidiaries and stock-participating companies

Company name	Company variety	Industry	Main products/services	Registered capital	Total assets (RMB Yuan)	Net assets (RMB Yuan)	Operating revenues (RMB Yuan)	Operating profit (RMB Yuan)	Net profit (RMB Yuan)
Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	Controlled subsidiary	Small home appliance manufacture	Development, production and sale of small home appliances, new-typed electronic components, light industrial products and modern office supplies; design and manufacture molds of the aforesaid products	USD 160 million	2,223,624,671.36	1,309,295,581.86	852,286,404.30	15,421,455.38	17,838,254.37
Xiamen Star International Travel Service Co., Ltd.	Wholly-owned subsidiary	Tourism	Inbound and domestic tourism services	RMB 5 million	840,111.23	840,111.23	0.00	-3,183.93	-148.99
Tsann Kuen (Shanghai) Enterprise Co., Ltd.	Controlled subsidiary	Small home appliance manufacture	Production and sale of household appliances, electronic, light industry products, modern office equipments and their related molds	USD 40 million	94,777,272.06	91,576,750.33	1,157,325.31	-2,337,415.69	-2,337,415.69
Tsann Kuen (Zhangzhou) South Port Electronics Enterprise Co., Ltd.	Subsidiary of a controlled subsidiary	Small home appliance manufacture	Development and production of small household electrical appliances, new kind of electronic appliances and parts, light industrial products, modern office supplies	RMB 5 million	11,958,322.25	11,398,542.37	0.00	198,441.50	198,441.50
Tsann Kuen (Zhangzhou) Vocational Technical Institute	Non-corporate unit of a controlled subsidiary	Secondary vocational education	Secondary vocational education	RMB 3 million	1,067,048.79	-928,421.20	327,243.41	62,913.11	125,356.24
Shanghai Star Commerce & Trade Co., Ltd.	Subsidiary of a controlled subsidiary	Sale of household appliances	Import & Export, Wholesales, retail and its after-sale services of household appliances, computer sets and their components, communication equipments, mechanical and electrical equipments, office supplies and the related attachments (including kitchen facilities). Self-operating and acting as an agent of various kinds of merchandise and import & export of	RMB 4.95 million	14,925,025.27	5,291,362.99	1,405,762.29	-301,877.02	-302,877.02

Company name	Company variety	Industry	Main products/services	Registered capital	Total assets (RMB Yuan)	Net assets (RMB Yuan)	Operating revenues (RMB Yuan)	Operating profit (RMB Yuan)	Net profit (RMB Yuan)
			technology; wholesale and retail of roasted coffee powder and general merchandise, as well as other sales (not real foods)						
Xiamen Star Commerce & Trade Co., Ltd.	Subsidiary of a controlled subsidiary	Sale of household appliances	Wholesale and retail: daily necessities, household appliances, computer sets and auxiliary products, communication equipments, electrical and mechanical equipments, office supplies, kitchen supplies and their auxiliary products; Import and export of various goods and technologies, while excluding those products and technologies restricted by the government or to be imported or exported.	RMB 30 million	10,725,410.72	10,701,117.91	0.00	-10,090,115.87	-12,072,228.24
Xiamen Star Comgistic Capital Co., Ltd	Subsidiary of a controlled subsidiary	Sale of household appliances	Wholesale and retail: daily necessities, household appliances, computer sets and auxiliary products, communication equipments, electrical and mechanical equipments, office supplies, kitchen supplies and their auxiliary products; Import and export of various goods and technologies (Without the attachments of catalogue of export & import products), while excluding those products and technologies restricted by the government or to be imported or exported.	RMB 28 million	27,989,053.50	27,989,053.50	0.00	8,017.19	8,017.19
East Sino Development Limited	Subsidiary of a controlled subsidiary	Trade and investment	Business investment	HKD 135,993,000	107,741,712.27	107,712,311.61	0.00	-45,251.60	-45,251.60
Pt.Star Comgistic Indonesia	Subsidiary of a controlled subsidiary	Home appliance manufacture	Production and sale of home appliances, electronics, light industrial products and modern office supplies	USD 17.5 million	102,038,862.22	76,354,895.12	18,152,423.72	-9,996,400.24	-10,023,569.55

5. Significant projects of investments with non-raised funds

Applicable Inapplicable

VI. Predict the operating results of Jan.-Sept. 2013

Warning of possible loss or considerable YoY change of the accumulated net profit made during the period-begin to the end of the next reporting period according to prediction, as well as explanations on the reasons:

Applicable Inapplicable

Prediction: turning deficit to profit

Type of the predicted data: interval data

Item	Jan.-Sept. 2013	Jan.-Sept. 2012	+/- (%)
Predicted accumulative net profit (RMB Ten thousand)	1,700-2,100	-222	866%-1046%
Basic EPS (RMB Yuan/share)	0.09-0.11	-0.01	1000%-1200%
Explanation about the predictions	The Company strictly controlled the procurement costs, enhanced the internal operation and management and optimized the production and sales processes. As a result, the overall gross profit and the management and sales expenses improved over last year.		

VII. Implementation of profit allocation during the reporting period

Profit allocation plan implemented during the reporting period, especially execution and adjustment of the cash dividend plan and the plan for turning capital reserve into share capital:

Applicable Inapplicable

As the profit allocation plan for 2012, the Company, based on the total 185,391,680 shares as at the end of 2012, distributed a cash dividend of RMB 0.85 (tax included) for every 10 shares held by its shareholders. The distribution was completed on 26 Jun. 2013. For details, see the “Announcement on Implementation of the Equity Distribution for 2012” disclosed on Securities Times, Ta Kung Pao (HK) and <http://www.cninfo.com.cn> on 19 Jun. 2013.

VIII. Pre-plan for profit allocation and turning capital reserve into share capital for the reporting period

Applicable Inapplicable

IX. Particulars about researches, visits and interviews received in this reporting period

Time of reception	Place of reception	Way of reception	Visitor type	Visitor	Main discussion and materials provided by the Company
19 Jan. 2013	Office	By phone	Individual	Mr. Yu	Operation of the Company, B-share policies, with no written materials provided by the Company
7 Feb. 2013	Office	By phone	Individual	Mr. Yang	Operation of the Company, B-share policies, with no written materials provided by the Company
13 Mar. 2013	Office	By phone	Individual	Mr. Yu	Information about the annual report of the Company, with no written materials provided by the Company
26 Jun. 2013	Office	By phone	Institution	Securities and Custody Services of HSBC	Dividend distribution and tax deduction

V. Significant Events

(I) Corporate governance

Company governance practice has no difference with requirements of relevant law and rules of Company Law and CSRC

(II) Significant litigations and arbitrations

Applicable Inapplicable

(III) Media's questions

Applicable Inapplicable

(IV) Bankruptcy or reorganization events

Applicable Inapplicable

(V) Assets transaction events

1. Purchase of assets

Applicable Inapplicable

2. Sale of assets

Unit: RMB Ten Thousand

Transaction party	Assets sold	Disposal date	Transaction price	Net profit contributed to the Company from the period-begin to the disposal date	Impact to the company	Ratio of the net profit contributed by the asset to the Company to the total profit (%)	Pricing principle	Related-party transaction or not	Relationship between the transaction party and the Company (applicable for related-party transactions)	Whether or not the ownership of the asset involved has been fully transferred	Whether or not the creditor's right and liabilities involved have been fully transferred	Disclosure date	Disclosure index
PT TSANN KUEN PROPERTY DEVELOPMENT INDONESIA	Electronic equipment	28, May, 2013	5.08	0.23	0.23	0.02%	Open, fair and just principle	related enterprises	Under control of the same actual controller	Yes	Yes	inapplicable	inapplicable
Zhangzhou Canming	Hardware device	2013.01.31	0.30	0.29	0.29	0.03%	Settled according to the contract signed by both parties	Not related enterprises	inapplicable				
Zhangzhou Chuangyi	Injection molding devices	31, Jan, 2013	0.40	0.39	0.39	0.04%							
Zhangzhou Hongyuan	Other devices	31, Jan, 2013	0.81	0.69	0.69	0.07%							
Zhangzhou Ruicheng	Die casting devices	31, Jan, 2013	0.25	0.21	0.21	0.02%							
Zhangzhou Yufeng	Die casting devices	31, Jan, 2013	0.50	0.47	0.47	0.04%							
Zhangzhou LianFuxin	Injection molding devices	2013.02.28	1.27	1.25	1.25	0.12%							
Cheng Qingling	Housings	2013.03.31	80.25	65.56	65.56	6.29%							
Xiamen Jin Shengrong	Die casting devices	2013.03.31	3.50	3.43	3.43	0.33%							
Xiamen Weiyao	Other devices	2013.03.31	2.20	2.13	2.13	0.20%							
Zhangzhou Boer	Die casting devices	2013.03.31	3.80	3.73	3.73	0.36%							
Zhangzhou Huatai	Die casting devices	2013.03.31	2.10	2.06	2.06	0.20%							
Zhangzhou Kunyi	Other devices	2013.03.31	0.23	0.22	0.22	0.02%							

Transaction party	Assets sold	Disposal date	Transaction price	Net profit contributed to the Company from the period-begin to the disposal date	Impact to the company	Ratio of the net profit contributed by the asset to the Company to the total profit (%)	Pricing principle	Related-party transaction or not	Relationship between the transaction party and the Company (applicable for related-party transactions)	Whether or not the ownership of the asset involved has been fully transferred	Whether or not the creditor's right and liabilities involved have been fully transferred	Disclosure date	Disclosure index
Zhangzhou Lanboni	Injection molding devices	2013.03.31	0.09	0.09	0.09	0.01%							
Zhangzhou Yingfa	Die casting devices	2013.03.31	2.60	2.55	2.55	0.24%							
Xiamen JinShengrong	Die casting devices	2013.04.30	9.00	7.47	7.47	0.72%							
Xiamen LianFuxin	Other devices	2013.04.30	2.50	2.14	2.14	0.20%							
Zhangzhou Boer	Die casting devices	2013.04.30	1.20	1.18	1.18	0.11%							
Zhangzhou XinJiafeng	Other devices	2013.04.30	1.20	1.03	1.03	0.10%							
Zhangzhou Yixin	Die casting devices	2013.04.30	1.76	1.69	1.69	0.16%							
Zhangzhou Hecheng	Die casting devices	2013.05.31	1.65	1.46	1.46	0.14%							
Zhangzhou Xangkun	Hardware devices	2013.05.31	9.77	7.01	7.01	0.67%							
Tommy	Electronic equipment	2013.06.29	0.19	-0.72	-0.72	-0.07%							
Hecheng	Die casting devices	2013.06.30	1.80	1.54	1.54	0.15%							
Ruida	Other devices	2013.06.30	4.80	4.71	4.71	0.45%							
Shenzhen Dachang	Hardware devices	2013.06.30	15.50	6.02	6.02	0.58%							
Shenzhen Hua Yuede	Hardware devices	2013.06.30	22.00	12.74	12.74	1.22%							
Xiamen Deri	Hardware devices	2013.06.30	5.56	3.82	3.82	0.37%							
Xiamen Yichengda	Hardware devices	2013.06.30	0.30	0.29	0.29	0.03%							
Zhangzhou Boer	Die casting devices	2013.06.30	0.25	0.25	0.25	0.02%							
Zhangzhou	Die casting	2013.06.30		-1.64	-1.64	-0.16%							

Transaction party	Assets sold	Disposal date	Transaction price	Net profit contributed to the Company from the period-begin to the disposal date	Impact to the company	Ratio of the net profit contributed by the asset to the Company to the total profit (%)	Pricing principle	Related-party transaction or not	Relationship between the transaction party and the Company (applicable for related-party transactions)	Whether or not the ownership of the asset involved has been fully transferred	Whether or not the creditor's right and liabilities involved have been fully transferred	Disclosure date	Disclosure index
Jingjin	devices		70.51										
Zhangzhou Rong Xincheng	Bakelite equipment	2013.06.30	7.42	7.28	7.28	0.70%							
Zhangzhou Ruicheng	Die casting devices	2013.06.30	4.70	4.52	4.52	0.43%							
Zhangzhou Shunkun	Bakelite equipment	2013.06.30	10.00	2.89	2.89	0.28%							
Zhangzhou Xiangkun	Hardware devices	2013.06.30	35.00	14.52	14.52	1.39%							
Total			308.49	161.47	161.47	15.49%							

3. Business combination

See the description of change of consolidation scope in notes to financial statements.

VI. Implementation situation and influence of equity incentive plan of the Company

Applicable Inapplicable

VII. Significant related-party transactions

1. Related-party transaction relevant to routine operation

Related party	Relationship	Type of the related-party transaction	Content of the related-party transaction	Pricing principle of the related-party transaction	Transaction price(RMB Ten thousand)	Transaction amount (RMB Ten thousand)	Proportion in same kind of transactions (%)	Settlement method of the related-party transaction	Market price	Disclosure date	Disclosure index
Thermaster Electronic (Xiamen) Ltd.	Company directly controlled by key management personnel and their close family members	Purchase of commodities	Purchase of raw parts and mechanical parts	Open, fair and just principle	No	1,706.68	3.21	Settled according to the contract signed by both parties	No	12 Mar. 2013	www.cninfo.com.cn
STAR COMGISTIC CAPITAL CO.,LTD.	Ultimate controlling company	Purchase of commodities	Purchase of raw parts and mechanical parts			262.71	0.49				
TSANN KUEN JAPAN CO., LTD	Under the control of the same ultimate controlling company	Sales of commodities	Sales of parts and finished products			3,687.37	4.36				
STAR COMGISTIC CAPITAL CO.,LTD.	Ultimate controlling company	Sales of commodities	Sales of parts and finished products			1,345.37	1.59				
STAR COMGISTIC CAPITAL CO.,LTD.	Ultimate controlling company	Revenue from service	Procurement agency fee			11.15	100.00				
TSANN KUEN JAPAN CO., LTD	Under the control of the same ultimate controlling company	Revenue from service	Expense for repair, exchange and return of goods			12.22	0.11				
STAR INTERNATIONAL TRAVEL SERVICES CO.,LTD	Under the control of the same ultimate controlling company	Revenue from service	Cost of services			31.81	0.19				
PT.TSANNKUEN PROPERTY DEVELOPMENT INDONESIA	Under the control of the same actual controller	Sale of Plant Assets	Sale of Plant Assets			5.08	0.01				
PT.TSANNKUEN INDONESIA	Under the control of the same actual controller	Purchase of Plant Assets	Purchase of Plant Assets			13.95	0.01				
TSAN KUEN TRADING CO.,LTD(XIAMEN)	Under the control of the same actual controller	Rendering of service	Rental of plants			150.00	5.60				
Total						7,226.34					
Details of large amount of sales returns				No							

Related party	Relationship	Type of the related-party transaction	Content of the related-party transaction	Pricing principle of the related-party transaction	Transaction price(RMB Ten thousand)	Transaction amount (RMB Ten thousand)	Proportion in same kind of transactions (%)	Settlement method of the related-party transaction	Market price	Disclosure date	Disclosure index
As for the prediction on the total amount of routine related-party transactions to be occurred in the reporting period by relevant types, the actual performance in the reporting period				The amount for the above related-party transactions were not exceed the predicted amount in the Announcement on Prediction of the 2013 Annual Routine Related-party Transactions disclosed on Securities Times, Hong Kong Ta Kung Pao and http://www.cninfo.com.cn dated 12 Mar. 2013.							
Reason for significant difference between the transaction price and the market price				The pricing principle of the related-party transaction of the Company was in accordance with the Pricing Arrangement on Transactions between Related Enterprises signed with national taxation bureau, which was made by referring to the horizontal fair trading principle.							

2. Related-party transactions regarding purchase and sales of assets

Applicable Inapplicable

Related party	Relationship	Type of the related-party transaction	Content of the related-party transaction	Pricing principle of the related-party transaction	Book value of the transferred assets (RMB Ten Thousand)	Assessed value of transferred assets (RMB Ten Thousand)	Market fair value (RMB Ten Thousand)	Transfer price (RMB Ten Thousand)	Settlement method of the related-party transaction	Transaction profit or loss(RMB Ten Thousand)	Disclosure date	Disclosure index
Dalian Star International Travel Service Co., Ltd.	Subsidiary of subsidiary	Equity transfer	Equity transfer	According to the price in the contract signed by both parties	0.00	Inapplicable	Inapplicable	10.00	Settled according to the contract signed by both parties	4.27	Inapplicable	Inapplicable
The reasons of the differences between transfer price and book value										No		
Impacts on the company's operating results and financial condition										No		

3. Significant related-party transactions with joint investments

Applicable Inapplicable

4. Significant credits and liabilities with related parties

Was there any non-operating credit or liability with any related party?

Yes No

5. Other significant related-party transactions

Applicable Inapplicable

VIII Significant contracts and execution

1. Particulars about trusteeship, contract and lease

(1) Status of trust

Applicable Inapplicable

(2) Contract

Applicable Inapplicable

(3) Particulars about leasing

Applicable Inapplicable

Name of contract-out party	Name of lessor	Status of leased assets	Involved amount of the leased assets (RMB Ten Thousand)	Initial date of leasing	Ending date of leasing	Rental income (RMB Ten Thousand)	Recognition basis of rental income	Influences of rental income on the Company	Related-party transaction or not	Relationship
Xiamen Tsann Kuen Enterprise Co., Ltd.	Xiamen Zhou Bao You logistics co., LTD	Houses and land	4,475.45	1 Jan,2013	30 Jun,2013	285	According to the price in the contract signed by both parties	27.34%	No	No

2. Guarantees provided by the Company

Unit: RMB Ten Thousand

Guarantees provided by the Company for external parties (excluding those for subsidiaries)								
Guaranteed party	Disclosure date of relevant announcement	Amount for guarantee	Actual occurrence date (date of agreement)	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed or not	Guarantee for a related party or not
PT. Star Comgistic Indonesia	2012-12-04	2,471.48		0.00	Warranty	One year since the liability period expired	No	No
	2012-12-04	1,235.74	2013-1-29	16.81	Warranty	One year since the liability period expired	No	No
	2012-12-04	3,089.35	2013-6-3	0.00	Warranty	One year since the liability period expired	No	No
Total external guarantee line approved during the reporting period (A1)		0.00		Total actual occurred amount of external guarantee during the reporting period (A2)		16.81		
Total external guarantee line that has been approved at the end of the reporting period (A3)		6,796.57		Total actual external guarantee balance at the end of the reporting period (A4)		16.81		
Guarantees provided by the Company for its subsidiaries								
Guaranteed party	Disclosure date of relevant announcement	Amount for guarantee	Actual occurrence date (date of agreement)	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed or not	Guarantee for a related party or not
No	No	No	No	No	No	No	No	No
Total guarantee line approved for the subsidiaries during the reporting period (B1)		0.00		Total actual occurred amount of guarantee for the subsidiaries during the reporting period (B2)		0.00		
Total guarantee line that has been approved for the subsidiaries at the end of the reporting period(B3)		0.00		Total actual guarantee balance for the subsidiaries at the end of the reporting period (B4)		0.00		
Total guarantee amount provided by the Company (total of the above-mentioned two kinds of guarantees)								
Total guarantee line approved during the reporting period (A1+B1)		0.00		Total actual occurred amount of guarantee during the reporting period (A2+B2)		0.00		
Total guarantee line that has been approved at the end of the reporting period (A3+B3)		0.00		Total guarantee line that has been approved at the end of the reporting period (A3+B3)		0.00		
Proportion of total guarantee amount (A4+B4) to the net assets of the Company				0.03%				
Of which:								
Amount of guarantee for shareholders, actual controller and related parties (C)				0.00				
Amount of debt guarantee provided for the guaranteed party whose asset-liability ratio is not less than 70% directly or indirectly (D)				0.00				
Part of the amount of the total guarantee over 50% of net assets				0.00				

(E)	
Total amount of the above three guarantees (C+D+E)	0.00
Explanation on possible bearing joint responsibility of liquidation due to immature guarantee	Naught
Explanation on provision of guarantees for external parties in violation of the prescribed procedure	Naught

3. Other significant contracts

Applicable Inapplicable

4. Other significant transaction

Applicable Inapplicable

VIII. Commitments made by the Company or shareholders holding over 5% of the Company's shares in the report period, or such commitments carried down into the report period

Commitment	Commitment maker	Contents	Time of making commitment	Period of commitment	Fulfillment
Commitment on share reform	Naught	Naught	Naught	Naught	Naught
Commitment in the acquisition report or the report on equity changes	Naught	Naught	Naught	Naught	Naught
Commitments made upon the assets replacement	Naught	Naught	Naught	Naught	Naught
Commitments made upon first issuance or refinance	Naught	Naught	Naught	Naught	Naught
Other commitments made to minority shareholders	FILLMAN INVESTMENTS LIMITED	Based on the confidence on the continuous and stable development of the Company, it committed to increase the shareholding if the Company's stock price lower than HKD2.40 per share after the implementation of the shares contraction and trading resumption, and it would increase no more than 2% shares (i.e. 370,780,000 shares) of the total shares issued by the Company within one year since the date of initial shareholding increase. If the plan on increasing holding 2% shares of the total shares is completed, if the stock price hasn't reached the target price, it will perform relevant approval procedures, and propose to CSRC on continuous implementation of shareholding increase by exemption of offering.	28 Nov. 2012	Within one year since the date of initial shareholding increase	The Company's stocks resumed trading on 31 Dec. 2012, but the Company's stock price hasn't met the condition for shareholding increase since the date of trading resumption, FILLMAN Investment Limited hasn't implemented the shareholding increase plan.
Executed timely or not?	Yes				
Detailed reason for failing to execute and the next plan (if any)	The Company's stock price was not reach the condition of shareholding increase, if the company's stock price is lower than HKD2.40 per share in future, implete the shareholding increase plan.				

X. Particulars about engagement and disengagement of CPAs firm

Has this semi-annual report been audited?

Yes No

XI. Particulars about punishment and rectification

Yes No

Explanation on rectification

Applicable Inapplicable

XII. Explanation on other significant events

Yes No

VI. Change in Share Capital and Particulars about Shareholders

I. Particulars about the changes in share capital

Unit: share

	Before the change		Increase/decrease in the change (+,-)					After the change	
	Number	Proportion	Issuance of new shares	Bonus shares	Capitalization of public reserve fund	Other	Subtotal	Number	Proportion
I. listed shares	185,391,680	100%						185,391,680	100%
I. Domestically listed foreign shares	185,391,680	100%						185,391,680	100%
II. Total shares	185,391,680	100%						185,391,680	100%

Reasons for change in share capital

Applicable Inapplicable

Particulars about the approval of the change in share capital

Applicable Inapplicable

The transfer of change in share capital

Applicable Inapplicable

Change in share capital's impacts on basic EPS and diluted EPS in recent year and recent issue, and net assets per share attributed to equity shareholder and financial index etc.

Applicable Inapplicable

Other contents was necessary to the company or the securities regulators required to be disclosed

Applicable Inapplicable

Changes of the Company's share number and structure, as well as the corresponding changes in its asset-liability structure

Applicable Inapplicable

II. Total number of shareholders and their shareholding

Unit: share

Total number of shareholders at the reporting period	26,424							
Particulars about shares held by shareholders with a shareholding percentage over 5%								
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total shares held at the period-end	Increase/decrease during the reporting period	Number of non-tradable shares held	Number of tradable shares held	Pledged or frozen shares	
							Status of shares	Number of shares
FORDCHEE DEVELOPMENT LIMITED	Foreign corporation	29.1%	53,940,530	0	0	53,940,530	Naught	Naught

EUPA INDUSTRY CORPORATION LIMITED	Foreign corporation	13.83%	25,633,718	0	0	25,633,718	Naught	Naught
FILLMAN INVESTMENTS LIMITED	Foreign corporation	2.49%	4,621,596	0	0	4,621,596	Naught	Naught
Chen Yongquan	Domestic natural person	0.9%	1,668,747	0	0	1,668,747	Naught	Naught
Zhou Jie	Domestic natural person	0.83%	1,538,000	0	0	1,538,000	Naught	Naught
Xia Qianru	Foreign natural person	0.7%	1,299,545	0	0	1,299,545	Naught	Naught
Chen Lijuan	Foreign natural person	0.55%	1,012,791	0	0	1,012,791	Naught	Naught
Chen Yongqing	Foreign natural person	0.53%	981,598	0	0	981,598	Naught	Naught
CSC SECURITIES (HK) LTD.	Foreign corporation	0.47%	869,522	0	0	869,522	Naught	Naught
Cai Shuhui	Foreign natural person	0.39%	715,739	0	0	715,739	Naught	Naught
Explanation on associated relationship or/and persons acting in concert among the above-mentioned shareholders:	The top three shareholders are the Company's corporate controlling shareholders. Shareholder Tsai Shuhui is the wife of Wu Tsann Kuen, the Company's actual controller. 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.							
Particulars about shares held by the top ten shareholders holding shares not subject to trading moratorium								
Name of shareholder	Number of tradable shares held at the year-end	Type of shares						
		Type	Number					
FORDCHEE DEVELOPMENT LIMITED	53,940,530	Domestically listed foreign shares	53,940,530					
EUPA INDUSTRY CORPORATION LIMITED	25,633,718		25,633,718					
FILLMAN INVESTMENTS LIMITED	4,621,596		4,621,596					
Chen Yongquan	1,668,747		1,668,747					
Zhou Jie	1,538,000		1,538,000					
Xia Qianru	1,299,545		1,299,545					
Chen Lijuan	1,012,791		1,012,791					
Chen Yongqing	981,598		981,598					
CSC SECURITIES (HK) LTD.	869,522		869,522					
Cai Shuhui	715,739		715,739					
Explanation on associated relationship or/and persons acting in concert among the top ten tradable shareholders and between the top ten tradable shareholders and the top ten shareholders	The top three shareholders are the Company's corporate controlling shareholders. Shareholder Tsai Shuhui is the wife of Wu Tsann Kuen, the Company's actual controller. 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.							

III. Particulars about the controlling shareholder

Change in controlling shareholder in reporting period

Applicable Inapplicable

Change of the actual controller during the reporting period

Applicable Inapplicable

VII. Directors, Supervisors, Senior Management Staffs and Employees

I. Changes in shareholding of directors, supervisors and senior management staffs

Applicable Inapplicable

II. Changes in engagement and dismissal of Directors, Supervisors and Senior Management Staffs within the reporting period

Applicable Inapplicable

VIII. Financial Report

I. Auditor's Report

The company's semiannual financial report was not audited.

II. Financial Statement (Attached)

1. Balance sheet
2. Income statement
3. Cash flow statement
4. Statement of Change in Owners' Equity
5. Notes to the Financial Statements

IX. Documents Available for Reference

1. Text of Semi-annual Report 2012 signed and sealed by the Board of Directors of the Company.
2. Financial statements signed and sealed by legal representative, principal of accounting work, and manager of finance department.
3. In the reporting period, all texts and originals of the Company's documents and public notices have been publicly disclosed in China Securities Journal, Hong Kong Ta Kung Pao and www.cninfo.com.cn designated by CSRC.

Chairman of the Board of Directors: Jian Derong
Date for submission approved by the Board of Directors: 2 Aug. 2013

1. Consolidated balance sheet

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

Unit: RMB Yuan

Item	30 Jun. 2013	31 Dec. 2012
Current Assets:		
Monetary funds	920,204,606.38	759,361,575.52
Settlement reserves		
Intra-group lendings		
Transactional financial assets	6,985,964.05	0.00
Notes receivable	5,277,843.70	3,356,956.00
Accounts receivable	246,560,301.06	302,133,025.05
Accounts paid in advance	5,028,681.71	3,348,515.58
Premiums receivable		
Reinsurance premiums receivable		
Receivable reinsurance contract reserves		
Interest receivable	5,147,035.46	5,231,397.36
Dividend receivable	0.00	0.00
Other accounts receivable	27,283,582.43	41,516,107.15
Financial assets purchased under agreements to resell		
Inventories	213,007,337.73	242,578,891.54
Non-current assets due within 1 year	228,918.82	2,434,759.94
Other current assets	70,000,000.00	0.00
Total current assets	1,499,724,271.34	1,359,961,228.14
Non-current assets:		
Loans by mandate and advances granted		
Available-for-sale financial assets	0.00	0.00
Held-to-maturity investments	0.00	0.00
Long-term accounts receivable	520,853.94	3,370,946.33
Long-term equity investment	40,000.00	40,000.00
Investing property	55,701,135.53	39,319,457.87
Fixed assets	197,257,810.73	219,374,057.54
Construction in progress	8,025,550.89	7,094,433.42
Engineering materials	0.00	0.00
Disposal of fixed assets	0.00	0.00
Production biological assets		
Oil-gas assets		
Intangible assets	17,026,655.19	25,461,786.16
R&D expense	0.00	0.00
Goodwill	0.00	0.00
Long-term deferred expenses	5,437,421.98	6,152,543.07
Deferred income tax assets	18,997,382.51	19,073,385.65
Other non-current assets		
Total of non-current assets	303,006,810.77	319,886,610.04
Total assets	1,802,731,082.11	1,679,847,838.18

Current liabilities:		
Short-term borrowings	208,305,912.00	31,427,500.00
Borrowings from Central Bank		
Customer bank deposits and due to banks and other financial institutions		
Intra-group borrowings		
Transactional financial liabilities	0.00	363,255.25
Notes payable	54,311,862.79	70,851,519.07
Accounts payable	425,401,429.10	647,831,038.73
Accounts received in advance	26,519,346.16	12,488,450.33
Financial assets sold for repurchase		
Handling charges and commissions payable		
Employee's compensation payable	33,467,690.70	40,116,618.69
Tax payable	-24,924,004.06	-23,837,739.85
Interest payable	0.00	6,324.78
Dividend payable	0.00	0.00
Other accounts payable	232,202,527.95	53,435,685.41
Reinsurance premiums payable		
Insurance contract reserves		
Payables for acting trading of securities		
Payables for acting underwriting of securities		
Non-current liabilities due within 1 year	0.00	0.00
Other current liabilities	0.00	0.00
Total current liabilities	955,284,764.64	832,682,652.41
Non-current liabilities:		
Long-term borrowings	0.00	
Bonds payable	0.00	
Long-term payables	0.00	
Specific payables	0.00	
Projected liabilities	16,410.21	11,401.92
Deferred income tax liabilities	1,129,348.13	44,686.69
Other non-current liabilities	222,600.00	222,600.00
Total non-current liabilities	1,368,358.34	278,688.61
Total liabilities	956,653,122.98	832,961,341.02
Owners' equity (or shareholders' equity)		
share capital	185,391,680.00	185,391,680.00
Capital reserves	278,454,447.07	278,454,447.07
Less: Treasury stock		
Specific reserves		
Surplus reserves	6,120,201.82	6,120,201.82
Provisions for general risks		
Retained profits	15,465,379.75	20,797,991.70
Foreign exchange difference	-79,217.19	-2,715,037.68
Total equity attributable to owners of the Company	485,352,491.45	488,049,282.91
Minority interests	360,725,467.68	358,837,214.25
Total owners' (or shareholders') equity	846,077,959.13	846,886,497.16
Total liabilities and owners' (or shareholders') equity	1,802,731,082.11	1,679,847,838.18

Legal representative: Jian Derong

Person-in-charge of the accounting work: Chen Zongyi

Chief of the accounting division: Chen Zongyi

2. Balance sheet of the Company

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

Unit: RMB Yuan

Item	30 Jun. 2013	31 Dec. 2012
Current Assets:		
Monetary funds	7,942,734.91	17,652,594.45
Transactional financial assets	0.00	
Notes receivable	1,971,540.00	1,257,500.00
Accounts receivable	10,803,784.82	4,172,243.78
Accounts paid in advance	118,047.67	96,047.65
Interest receivable	0.00	
Dividend receivable	0.00	
Other accounts receivable	133,084.34	236,719.46
Inventories	4,890,300.10	7,392,344.32
Non-current assets due within 1 year	0.00	
Other current assets	0.00	
Total current assets	25,859,491.84	30,807,449.66
Non-current assets:		
Available-for-sale financial assets	0.00	
Held-to-maturity investments	0.00	
Long-term accounts receivable	0.00	
Long-term equity investment	990,854,030.83	990,854,030.83
Investing property	46,638,019.24	31,212,851.79
Fixed assets	1,570,494.92	11,211,651.90
Construction in progress	0.00	58,500.00
Engineering materials	0.00	
Disposal of fixed assets	0.00	
Production biological assets		
Oil-gas assets		
Intangible assets	4,725,916.79	13,758,144.40
R&D expense	0.00	
Goodwill	0.00	
Long-term deferred expenses	1,218,594.98	1,216,744.00
Deferred income tax assets	0.00	
Other non-current assets	0.00	
Total of non-current assets	1,045,007,056.76	1,048,311,922.92
Total assets	1,070,866,548.60	1,079,119,372.58

Current liabilities:		
Short-term borrowings	0.00	
Transactional financial liabilities	0.00	
Notes payable	0.00	
Accounts payable	36,945,352.43	17,907,562.95
Accounts received in advance	7,677,971.59	115,424.99
Employee's compensation payable	315,631.62	522,592.57
Tax payable	2,569,289.97	1,124,273.49
Interest payable	0.00	
Dividend payable	0.00	
Other accounts payable	553,527,777.56	580,459,985.94
Non-current liabilities due within 1 year	0.00	
Other current liabilities	0.00	
Total current liabilities	601,036,023.17	600,129,839.94
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Long-term payables		
Specific payables		
Projected liabilities		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	0.00	0.00
Total liabilities	601,036,023.17	600,129,839.94
Owners' equity (or shareholders' equity)		
Paid-up capital (or share capital)	185,391,680.00	185,391,680.00
Capital reserves	271,485,181.40	271,485,181.40
Less: Treasury stock		
Specific reserves		
Surplus reserves	6,120,201.82	6,120,201.82
Provision for general risks		
Retained profits	6,833,462.21	15,992,469.42
Foreign exchange difference		
Total owners' (or shareholders') equity	469,830,525.43	478,989,532.64
Total liabilities and owners' (or shareholders') equity	1,070,866,548.60	1,079,119,372.58

Legal representative: Jian Derong

Person-in-charge of the accounting work: Chen Zongyi

Chief of the accounting division: Chen Zongyi

3. Consolidated income statement

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

Unit: RMB Yuan

Item	Jan.-Jun. 2013	Jan.-Jun. 2012
I. Total operating revenues	877,844,207.80	1,069,083,488.49
Including: Sales income	877,844,207.80	1,069,083,488.49
Interest income		
Premium income		
Handling charge and commission income		
II. Total operating cost	880,134,519.38	1,094,002,210.59
Including: Cost of sales	762,662,771.63	957,074,222.04
Interest expenses		
Handling charge and commission expenses		
Surrenders		
Net claims paid		
Net amount withdrawn for the insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium		
Taxes and associate charges	1,678,165.65	1,946,199.40
Selling and distribution expenses	34,293,872.54	50,929,006.43
Administrative expenses	74,849,826.36	91,512,870.63
Financial expenses	3,869,546.71	-11,851,591.82
Asset impairment loss	2,780,336.49	4,391,503.91
Add: Gain/(loss) from change in fair value ("-" means loss)	7,349,219.30	-7,195,643.08
Gain/(loss) from investment ("-" means loss)	3,576,345.30	5,118,543.74
Including: share of profits in associates and joint ventures		
Foreign exchange gains ("-" means loss)		
III. Business profit ("-" means loss)	8,635,253.02	-26,995,821.44
Add: non-operating income	4,709,673.01	2,711,575.32
Less: non-operating expense	826,435.12	1,450,451.43
Including: loss from non-current asset disposal	157,115.25	1,125.22
IV. Total profit ("-" means loss)	12,518,490.91	-25,734,697.55
Less: Income tax expense	1,139,442.82	158,701.37
V. Net profit ("-" means loss)	11,379,048.09	-25,893,398.92
Including: Net profit achieved by combined parties before the combinations		-4,512,158.51
Attributable to owners of the Company	10,425,680.85	-19,378,850.76
Minority shareholders' income	953,367.24	-6,514,548.16
VI. Earnings per share	--	--
(I) Basic earnings per share	0.06	-0.10
(II) Diluted earnings per share	0.06	-0.10
VII. Other comprehensive incomes	2,635,820.49	1,349,983.16
VIII. Total comprehensive incomes	14,014,868.58	-24,543,415.76
Attributable to owners of the Company	13,061,501.34	-18,028,867.60
Attributable to minority shareholders	953,367.24	-6,514,548.16

Legal representative: Jian Derong

Person-in-charge of the accounting work: Chen Zongyi

Chief of the accounting division: Chen Zongyi

4. Income statement of the Company

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

Unit: RMB Yuan

Item	Jan.-Jun. 2013	Jan.-Jun. 2012
I. Total sales	35,446,112.19	5,678,593.69
Less: cost of sales	25,180,051.16	2,575,647.75
Business taxes and surcharges	449,925.76	332,042.36
Distribution expenses	2,296,965.36	
Administrative expenses	1,867,215.18	2,473,013.13
Financial costs	-228,194.02	-19,653.17
Impairment loss	109,836.18	-613.09
Add: gain/(loss) from change in fair value ("-" means loss)	0.00	
Gain/(loss) from investment ("-" means loss)	7,533.00	7,062.00
Including: income from investment on associates and joint ventures		
II. Business profit ("-" means loss)	5,777,845.57	325,218.71
Add: non-business income	821,707.94	313,665.38
Less: non-business expense	267.92	
Including: loss from non-current asset disposal		
III. Total profit ("-" means loss)	6,599,285.59	638,884.09
Less: income tax expense	0.00	
IV. Net profit ("-" means loss)	6,599,285.59	638,884.09
V. Earnings per share	--	--
(I) Basic earnings per share	0.04	0.00
(II) Diluted earnings per share	0.04	0.00
VI. Other comprehensive income		
VII. Total comprehensive income	6,599,285.59	638,884.09

Legal representative: Jian Derong

Person-in-charge of the accounting work: Chen Zongyi

Chief of the accounting division: Chen Zongyi

5. Consolidated cash flow statement

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

Unit: RMB Yuan

Item	Jan.-Jun. 2013	Jan.-Jun. 2012
I. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	915,918,056.59	1,208,827,945.74
Net increase of deposits from customers and dues from banks		
Net increase of loans from the central bank		
Net increase of funds borrowed from other financial institutions		
Cash received from premium of original insurance contracts		
Net cash received from reinsurance business		
Net increase of deposits of policy holders and investment fund		
Net increase of disposal of tradable financial assets		
Cash received from interest, handling charges and commissions		
Net increase of intra-group borrowings		
Net increase of funds in repurchase business		
Tax refunds received	117,641,803.60	150,547,648.48
Other cash received relating to operating activities	51,151,986.27	40,574,661.12
Subtotal of cash inflows from operating activities	1,084,711,846.46	1,399,950,255.34
Cash paid for goods and services	917,266,347.87	1,124,296,590.20
Net increase of customer lendings and advances		
Net increase of funds deposited in the central bank and amount due from banks		
Cash for paying claims of the original insurance contracts		
Cash for paying interest, handling charges and commissions		
Cash for paying policy dividends		
Cash paid to and for employees	119,101,972.34	131,793,664.82
Various taxes paid	17,925,388.23	11,321,878.97
Other cash payment relating to operating activities	93,854,683.50	179,103,720.72
Subtotal of cash outflows from operating activities	1,148,148,391.94	1,446,515,854.71
Net cash flows from operating activities	-63,436,545.48	-46,565,599.37
II. Cash flows from investing activities:		
Cash received from withdrawal of investments		
Cash received from return on investments	3,474,457.99	5,118,543.74
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	5,558,991.86	5,533,100.10
Net cash received from disposal of subsidiaries or other business units	99,000.00	
Other cash received relating to investing activities		
Subtotal of cash inflows from investing activities	9,132,449.85	10,651,643.84
Cash paid to acquire fixed assets, intangible assets and other long-term assets	26,686,742.94	23,317,489.62
Cash paid for investment		
Net increase of pledged loans		
Net cash received from subsidiaries and other business units		
Other cash payments relating to investing activities	70,000,000.00	
Subtotal of cash outflows from investing activities	96,686,742.94	23,317,489.62
Net cash flows from investing activities	-87,554,293.09	-12,665,845.78
III. Cash Flows from Financing Activities:		
Cash received from capital contributions		
Including: Cash received from minority shareholder investments by subsidiaries		
Cash received from borrowings	309,898,896.00	368,641,168.03
Cash received from issuance of bonds		
Other cash received relating to financing activities	158,789,800.00	244,582,470.90
Subtotal of cash inflows from financing activities	468,688,696.00	613,223,638.93
Repayment of borrowings	130,435,800.00	63,355,000.00
Cash paid for interest expenses and distribution of dividends or profit	16,190,572.61	1,012,364.65

Item	Jan.-Jun. 2013	Jan.-Jun. 2012
Including: dividends or profit paid by subsidiaries to minority shareholders		
Other cash payments relating to financing activities		165,373,620.00
Sub-total of cash outflows from financing activities	146,626,372.61	229,740,984.65
Net cash flows from financing activities	322,062,323.39	383,482,654.28
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-10,228,453.96	507,652.63
V. Net increase in cash and cash equivalents	160,843,030.86	324,758,861.76
Add: Opening balance of cash and cash equivalents	759,361,575.52	706,132,122.10
VI. Closing balance of cash and cash equivalents	920,204,606.38	1,030,890,983.86

Legal representative: Jian Derong

Person-in-charge of the accounting work: Chen Zongyi

Chief of the accounting division: Chen Zongyi

6. Cash flow statement of the Company

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

Unit: RMB Yuan

Item	Jan.-Jun. 2013	Jan.-Jun. 2012
I. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	27,480,016.97	
Tax refunds received	1,109,625.87	
Other cash received relating to operating activities	24,807,414.50	24,034,081.26
Subtotal of cash inflows from operating activities	53,397,057.34	24,034,081.26
Cash paid for goods and services	4,837,151.98	
Cash paid to and for employees	16,398,159.12	16,363,888.64
Various taxes paid	1,435,032.29	1,024,193.98
Other cash payment relating to operating activities	25,464,123.22	7,245,458.61
Subtotal of cash outflows from operating activities	48,134,466.61	24,633,541.23
Net cash flows from operating activities	5,262,590.73	-599,459.97
II. Cash flows from investing activities:		
Cash received from retraction of investments		
Cash received from return on investments	7,533.00	7,062.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	797,450.00	180,000.00
Net cash received from disposal of subsidiaries or other business units		
Other cash received relating to investing activities		
Subtotal of cash inflows from investing activities	804,983.00	187,062.00
Cash paid to acquire fixed assets, intangible assets and other long-term assets	43,000.00	99,400.00
Cash paid for investment		
Net cash paid to acquire subsidiaries and other business units		
Other cash payments relating to investing activities		
Subtotal of cash outflows from investing activities	43,000.00	99,400.00
Net cash flows from investing activities	761,983.00	87,662.00
III. Cash Flows from Financing Activities:		
Cash received from capital contributions		
Cash received from borrowings		
Cash received from issuance of bonds		
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities	0.00	0.00
Repayment of borrowings		
Cash paid for interest expenses and distribution of dividends or profit	15,703,640.96	
Other cash payments relating to financing activities	0.00	0.00
Sub-total of cash outflows from financing activities	15,703,640.96	0.00
Net cash flows from financing activities	-15,703,640.96	0.00
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-30,792.31	19,018.90
V. Net increase in cash and cash equivalents	-9,709,859.54	-492,779.07
Add: Opening balance of cash and cash equivalents	17,652,594.45	13,757,429.84
VI. Closing balance of cash and cash equivalents	7,942,734.91	13,264,650.77

Legal representative: Jian Derong

Person-in-charge of the accounting work: Chen Zongyi

Chief of the accounting division: Chen Zongyi

7. Consolidated statement of changes in owners' equity

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

Unit: RMB Yuan

Item	Reporting period									
	Equity attributable to owners of the Company								Minority interests	Total owners' equity
	Paid-up capital (or share capital)	Capital reserve	Less: treasury stock	Specific reserve	Surplus reserve	General risk reserve	Retained profit	Others		
I. Balance at the end of the previous year	185,391,680.00	278,454,447.07			6,120,201.82		20,797,991.70	-2,715,037.68	358,837,214.25	846,886,497.16
Add: change of accounting policy										
Correction of errors in previous periods										
Other										
II. Balance at the beginning of the year	185,391,680.00	278,454,447.07			6,120,201.82		20,797,991.70	-2,715,037.68	358,837,214.25	846,886,497.16
III. Increase/ decrease of amount in the year ("-" means decrease)							-5,332,611.95	2,635,820.49	1,888,253.43	-808,538.03
(I) Net profit							10,425,680.85		953,367.24	11,379,048.09
(II) Other comprehensive incomes								2,635,820.49		2,635,820.49
Subtotal of (I) and (II)							10,425,680.85	2,635,820.49	953,367.24	14,014,868.58
(III) Capital paid in and reduced by owners										
1. Capital paid in by owners										
2. Amounts of share-based payments recognized in owners' equity										
3. Others										
(IV) Profit distribution							-15,758,292.80			-15,758,292.80
1. Appropriations to surplus reserves										
2. Appropriations to general risk provisions										
3. Appropriations to owners (or shareholders)							-15,758,292.80			-15,758,292.80
4. Other										
(V) Internal carry-forward of owners' equity										
1. New increase of capital (or share capital) from capital public reserves										
2. New increase of capital (or share capital) from surplus reserves										
3. Surplus reserves for making up losses										
4. Other										
(VI) Specific reserve										
1. Withdrawn for the period										
2. Used in the period										
(VII) Other									934,886.19	934,886.19
IV. Closing balance	185,391,680.00	278,454,447.07	0.00	0.00	6,120,201.82	0.00	15,465,379.75	-79,217.19	360,725,467.68	846,077,959.13

Unit: RMB Yuan

Item	Last year									
	Equity attributable to owners of the Company								Minority interests	Total owners' equity
	Paid-up capital (or share capital)	Capital reserve	Less: treasury stock	Specific reserve	Surplus reserve	General risk reserve	Retained profit	Others		
I. Balance at the end of the previous year	1,112,350,077.00	125,034,307.09					-773,499,943.43	-1,335,814.80	357,545,063.91	820,093,689.77
Add: retrospective adjustments due to business combinations under the same control										
Add: change of accounting policy										
Correction of errors in previous periods										
Other										
II. Balance at the beginning of the year	1,112,350,077.00	125,034,307.09					-773,499,943.43	-1,335,814.80	357,545,063.91	820,093,689.77
III. Increase/ decrease of amount in the year ("-" means decrease)	-926,958,397.00	153,420,139.98			6,120,201.82		794,297,935.13	-1,379,222.88	1,292,150.34	26,792,807.39
(I) Net profit							21,459,739.95		7,105,471.37	28,565,211.32
(II) Other comprehensive incomes								-1,379,222.88		-1,379,222.88
Subtotal of (I) and (II)							21,459,739.95	-1,379,222.88	7,105,471.37	27,185,988.44
(III) Capital paid in and reduced by owners									0.00	0.00
1. Capital paid in by owners										0.00
2. Amounts of share-based payments recognized in owners' equity										
3. Others										
(IV) Profit distribution						1,776,941.05	-1,776,941.05		-6,715,021.80	-6,715,021.80
1. Appropriations to surplus reserves						1,776,941.05	-1,776,941.05			
2. Appropriations to general risk provisions										
3. Appropriations to owners (or shareholders)									-6,715,021.80	-6,715,021.80
4. Other										
(V) Internal carry-forward of owners' equity	-926,958,397.00	148,000,000.00			4,343,260.77		774,615,136.23			
1. New increase of capital (or share capital) from capital public reserves										
2. New increase of capital (or share capital) from surplus reserves										
3. Surplus reserves for making up losses						-774,615,136.23	774,615,136.23			
4. Other	-926,958,397.00	148,000,000.00				778,958,397.00				
(VI) Specific reserve										
1. Withdrawn for the period										
2. Used in the period										
(VII) Other		5,420,139.98							901,700.77	6,321,840.75
IV. Closing balance	185,391,680.00	278,454,447.07			6,120,201.82		20,797,991.70	-2,715,037.68	358,837,214.25	846,886,497.16

Legal representative: Jian Derong

Person-in-charge of the accounting work: Chen Zongyi

Chief of the accounting division: Chen Zongyi

8. Statement of changes in owners' equity of the Company

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

Unit: RMB Yuan

Item	Reporting period							
	Paid-up capital (or share capital)	Capital reserve	Less: treasury stock	Specific reserve	Surplus reserve	General risk reserve	Retained profit	Total owners' equity
I. Balance at the end of the previous year	185,391,680.00	271,485,181.40			6,120,201.82		15,992,469.42	478,989,532.64
Add: change of accounting policy								
Correction of errors in previous periods								
Other								
II. Balance at the beginning of the year	185,391,680.00	271,485,181.40			6,120,201.82		15,992,469.42	478,989,532.64
III. Increase/ decrease of amount in the year ("+" means increase)							-9,159,007.21	-9,159,007.21
(I) Net profit							6,599,285.59	6,599,285.59
(II) Other comprehensive incomes								
Subtotal of (I) and (II)							6,599,285.59	6,599,285.59
(III) Capital paid in and reduced by owners								
1. Capital paid in by owners								
2. Amounts of share-based payments recognized in owners' equity								
3. Others								
(IV) Profit distribution							-15,758,292.80	-15,758,292.80
1. Appropriations to surplus reserves								
2. Appropriations to general risk provisions								
3. Appropriations to owners (or shareholders)							-15,758,292.80	-15,758,292.80
4. Other								
(V) Internal carry-forward of owners' equity								
1. New increase of capital (or share capital) from capital public reserves								
2. New increase of capital (or share capital) from surplus reserves								
3. Surplus reserves for making up losses								
4. Other								
(VI) Specific reserve								
1. Withdrawn for the period								
2. Used in the period								
(VII) Other								
IV. Closing balance	185,391,680.00	271,485,181.40			6,120,201.82		6,833,462.21	469,830,525.43

Unit: RMB Yuan

Item	Last year							
	Paid-up capital (or share capital)	Capital reserve	Less: treasury stock	Specific reserve	Surplus reserve	General risk reserve	Retained profit	Total owners' equity
I. Balance at the end of the previous year	1,112,350,077.00	123,485,181.40					-774,615,136.23	461,220,122.17
Add: change of accounting policy								
Correction of errors in previous periods								
Other								
II. Balance at the beginning of the year	1,112,350,077.00	123,485,181.40					-774,615,136.23	461,220,122.17
III. Increase/ decrease of amount in the year ("+" means increase)	-926,958,397.00	148,000,000.00			6,120,201.82		790,607,605.65	17,769,410.47
(I) Net profit							17,769,410.47	17,769,410.47
(II) Other comprehensive incomes								
Subtotal of (I) and (II)							17,769,410.47	17,769,410.47
(III) Capital paid in and reduced by owners								
1. Capital paid in by owners								
2. Amounts of share-based payments recognized in owners' equity								
3. Others								
(IV) Profit distribution					1,776,941.05		-1,776,941.05	
1. Appropriations to surplus reserves					1,776,941.05		-1,776,941.05	
2. Appropriations to general risk provisions								
3. Appropriations to owners (or shareholders)								
4. Other								
(V) Internal carry-forward of owners' equity	-926,958,397.00	148,000,000.00			4,343,260.77		774,615,136.23	
1. New increase of capital (or share capital) from capital public reserves								
2. New increase of capital (or share capital) from surplus reserves								
3. Surplus reserves for making up losses						-774,615,136.23	774,615,136.23	
4. Other	-926,958,397.00	148,000,000.00			778,958,397.00			
(VI) Specific reserve								
1. Withdrawn for the period								
2. Used in the period								
(VII) Other								
IV. Closing balance	185,391,680.00	271,485,181.40			6,120,201.82		15,992,469.42	478,989,532.64

Legal representative: Jian Derong

Person-in-charge of the accounting work: Chen Zongyi

Chief of the accounting division: Chen Zongyi

TSANN KUEN (CHINA) ENTERPRISE CO., LTD.

Notes to Financial Statements

By 30 June 2013

(Except for specific explanation, the functional currency is CNY)

(I) Company Profile

1. History

Tsann Kuen (China) Enterprise Co., Ltd. (hereafter “the Company or TKC”) was established in the People’s Republic of China (“the PRC”) in 1988 as a wholly owned foreign investment enterprise, the Company named in Tsann Kuen China (Xiamen) Ltd. firstly, invested by the Fordchee (Hongkong) Co., Ltd., EUPA Industry Corporation Limited and Hongkong Fillman investment Co.,Ltd.. On 16 February 1993, with the approval of the Ministry of Foreign Trade and Economic Co-operation, the Company was reorganized into an incorporated company and was renamed as Tsann Kuen (China) Enterprise Co., Ltd. In June 1993, the Company issued 40,000,000 new shares pursuant to an international placing and public offer and these new shares (“B shares”) were then listed on the Shenzhen Stock Exchange on 30 June 1993. In according to the 5th special Board of Director in 2012, “Bill about Implementation of Drawing back Share” authorized by third special General Meeting in 2012,document XTCS[2012] NO.698 “Subscriptions about Reduction of Capital of TSANN KUEN (CHINA) ENTERPRISE CO., LTD. Authorized by Xiamen Investment Promotion Bureau” authorized by Commerce Dpartment, the Company used the general capital of 1,112,350,077 shares as base number implementing the plan of share reduction at the ratio of 1:6 to all the registered share holders in 28 December 2013. Upon the completion of share reduction, the general capital of the Company reduced from 1,112,350,077 shares to 185,391,680 shares. By 30 June 2013, the registered capital of the Company decreased to RMB 185,391,680.

Follow The Ministry of Commerce of the People’s Republic of China approved (The No. [2005]3107 《Agreed in principle to the Ministry of Commerce on Tsann Kuen (China) Enterprise Co., Ltd. shares traded sponsor of the approval》) , On December 6, 2006, the Company received the [2006] No.266 file 《The notice of Tsann Kuen (China) Enterprise Co., Ltd concerning the approval of non-listed foreign shares traded》 from China Securities Regulatory Commission. The China Securities Regulatory Commission agreed 700,476,830 unlisted shares (account for 62.97% of the share capital) hold by the Company’s shareholders, EUPA Industry Corporation Limited, Fordchee Development Limited and Fillman Investment Limited to transfer into B shares. In November 29, 2007 these B shares could be listed and exercised on Shenzhen Stock Exchange. Up to 30 June 2012, total B shares hold by the three legal shareholders (EUPA Industry Corporation Limited, Fordchee Development Limited and Fillman Investment Limited) are 505,175,060 shares.(account for 45.42% of the share capital).

Legal representative: Jian, Derong

Place of registration: No.88 Xinglong Road, Huli Industrial District, Xiamen, Fujian Province

The parent: Star Comgistic Capital Co. Ltd.

2. Industry

The Company operates within the electrical machinery and equipment manufacturing industry.

3. Scope of business

The approved business scope: the main business is to develop, manufacture and sell household appliances,

electronics, light industrial products, modern office supplies; design and manufacture moulds relevant to the above products, sell the products of the Company at home and abroad, and provide after-sell services; engage in wholesale, retail, import and outport of household appliances, electronics, electromechanical devices, office supplies, kitchenwares and prepackage food, and provide after-sell services. Those subsidiary's main business is to manufacture household appliances, electronics, light industrial products, sell products by wholesale, distribution appliances, communication equipment, electrical equipment, office equipment, computer accessories, general merchandise and food; Design, manufacture and sell Precision (Punching) Die, Precision Mold Cavity, and Model Standard Unit, as well as engaged in the research and development of those products.

4. Main products

The Company's main products are: Household electrical appliance.

5. Explanation on changes of main business, significant changes of equities, significant acquisition and reorganization occurred during the reporting period

During the reporting period, main business of the Company remained unchanged, and no significant acquisition or reorganization occurred.

(II) Main accounting policies, accounting estimates and corrections of prior accounting errors

1. Basis for preparation of the financial statements

The financial statements are prepared on the basis of going concern, with reference to the actual occurrence of transactions and events, and in accordance with the Enterprise Accounting Standards of China issued by Ministry of Finance on 15 Feb. 2006, as well as based on those accounting policies and accounting estimates that described in Note II.

2. Declaration of compliance with the Enterprise Accounting Standards of China

The financial statements of (the Group and) the Company have been prepared in accordance with the Enterprise Accounting Standards of China and present truly, fairly and completely, in all material respects, the financial position of (the Group and) the Company as at 30 June 2012, the performance, the cash flows and other relevant information of (the Group and) the Company for the six months then ended.

3. Accounting year

The accounting year adopted by the Company is the calendar year (ie. from 1 January to 31 December).

4. Functional currency

The functional currency of the Company is the Renminbi (CNY).

5. Measurement method for the business combination under the same control and business combination not

under the same control

(1) Accountant arrangement methods for business combination under the same control

Identifiable assets acquired and liabilities assumed through business combination of an entity under common control are measured at their carrying amounts in the acquiree' account as at the combination date. The excess of the consideration for combination over the net identifiable assets acquired as at the combination date is debited to capital reserves, and to retained earnings where capital reserves are insufficient.

(2) Accountant arrangement methods for business combination not under the same control

Identifiable assets acquired and liabilities assumed through business combination of an entity not under common control are measured at their fair values as at the combination date. Goodwill as of the combination date is recognised and measured as the excess of the consideration for combination over the net identifiable assets acquired as at the combination date. If the net identifiable assets acquired as at the combination date exceeds the consideration for combination, the excess of the consideration for combination over the net identifiable assets acquired as at the combination date, after the assessment of the fair value of the net identifiable assets acquired as at the combination date, is recognised as a gain through profit or loss for the reporting period in which the combination occurred.

6. Compilation of consolidated financial statements

(1) Determination of the consolidated scope

The consolidated financial statements are prepared in accordance with CAS 33 – Consolidated Financial Statements issued on February 2006. The scope of consolidated financial statements, determined on the basis of control existence. The consolidated financial statements consolidate separate financial statements of the parent company and subsidiaries and entities for specific purposes directly or indirectly controlled by the parent company. Control exists is when the parent company has power to govern the financial and operating policies of an entity and is able to obtain economic benefits from the entity's operation.

If it is objectively evidential that the parent company has no control over a subsidiary, the subsidiary is excluded from consolidation.

(2) Acquisition and disposal the shares of subsidiaries

The transaction date of acquisition or disposal of share of subsidiary is the date on which the risks and economic benefits associated with the transferred share is transferred to the transferee. The post-acquisition or pre-disposal performance and cash flows of a subsidiary acquired or disposed through business combination not under common control are adequately consolidated in the consolidated statement of comprehensive income and the consolidated statement of cash flows. The performance and cash flows for the current reporting period of a subsidiary acquired through business combination under common control during the current reporting period has consolidated in the consolidated statement of comprehensive income and the consolidated statement of cash flows; and, the comparables of the consolidated financial statements has adjusted accordingly.

If the Company acquires minority equity shares of subsidiaries, thus hold the long-term equity investment, on the date of prepare consolidation statement, the difference between the value of the new long-term equity investment and the value of subsidiary's net assets enjoyed by proportion of shareholdings(begin with acquired date or

combination date), shall be adjusted to capital reserve, if the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

(3) Uniform accounting policies and accounting period

Where the accounting policies and accounting period of a subsidiary are different from those of the parent company, the separate financial statements of the subsidiary are adjusted using the accounting policies and accounting period adopted by the parent company before consolidation. The separate financial statements of a subsidiary acquired through business combination not under common control are adjusted to reflect the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiary as at the combination date before consolidation.

(4) Consolidation method

During the preparation of the consolidated financial statements, intra-group balances and transactions are eliminated.

The net identifiable assets of subsidiaries attributable to minority interest of subsidiaries are separately presented in the consolidated financial statements.

7. Recognition standard for cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits and short-term and highly liquid investments and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

8. Foreign currency businesses and translation of foreign currency financial statements

(1) Foreign currency business

Transactions denominated in foreign currencies (currencies other than the functional currency) are accounted for in the functional currency using the transaction-date spot exchange rates (the middle rates quoted by the People's Bank of China; hereafter, the same applies).

Monetary assets held on a balance sheet date denominated in foreign currencies are translated into the functional currency using the balance-sheet-date spot exchange rates; differences in value arising from differences between the transaction-date spot exchange rates and the balance-sheet-date spot exchange rates are accounted for through profit or loss for the reporting period ended on that balance sheet date. Non-monetary assets held and liabilities outstanding on a balance sheet date measured using the historical cost convention is translated into the functional currency using the transaction-date spot exchange rates. Non-monetary assets held and liabilities outstanding on a balance sheet date measured at fair value are translated into the functional currency using the spot exchange rates prevailing on the dates of fair value assessments; differences in value arising from differences between the transaction-date spot exchange rates and the assessment-date spot exchange rates are accounted for through profit or loss for the reporting period during which the assessments occurred.

(2) Translation of foreign currency financial statements

① Elements of assets and liabilities of financial statements denominated in foreign currencies are translated into the functional currency using the balance-sheet-date spot exchange rates; elements of owner's equity of financial statements denominated in foreign currencies, except undistributed profit, are translated into the functional

currencies using the transaction-dates spot exchange rates.

② Elements of income and expenses of financial statements denominated in foreign currencies are translated into the functional currency using the transaction-date spot exchange rates.

Foreign exchange differences arising from treatments described in the above paragraph are separately presented in the financial statements as an element of owners' equity.

③ Cash flows denominated in foreign currencies are translated into the functional currency using the transaction-date spot exchange rates. The impact of changes in exchange rates on cash flows is separately presented in the statement of cash flows.

9 Financial instruments

(1) Classification of financial assets and financial liabilities

Financial assets, according to their purposes of investment and economic substance, are classified into fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets four categories.

Financial liabilities, according to their economic substance, are classified into fair value through profit or loss and others.

① Financial assets or financial liabilities at fair value through profit or loss: including held for trading financial assets or financial liabilities and designated by the Company as at fair value through profit or loss.

A financial asset or financial liability is classified as held for trading if it is:

- a. Acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- b. Part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- c. A derivative (except for a derivative that is a designated and effective hedging instrument, a derivative of financial guarantee contract, a derivative that settle by equity instrument, which the price of instrument could not be quoted in active market and the fair value could not measure reasonably).

A financial asset or financial liability is classified as designated fair value through profit or loss if it is:

- a. The designation can be eliminated or significantly reduced the inconsistent situation or relate profit and loss cause by different measurement basis of financial assets and financial liabilities; or
- b. Company risk management or investment strategy has been enshrined in a formal written document that the financial assets portfolio, the financial liabilities portfolio, or the financial assets and financial liabilities portfolio are management in fair value-based and evaluation and report to key management person.

② Held-to-maturity investments: are non-derivative financial assets with fixed or determinable payments and fixed maturity that company has the positive intention and ability to hold to maturity. Mainly include the Company's management has a clear intention and ability to hold to maturity of fixed-rate national bonds, floating-rate corporate bonds.

③ Receivables: are non-derivative financial assets with fixed or determinable payments that are not quoted in an

active market. Receivables of the Company mainly refer to the Company's sales of goods or rendering of services to form the accounts receivable and other receivables.

④ Available-for-sale financial assets: are those non-derivative financial assets that are designated as available for sale at initial recognized, or those financial assets are not measured in fair value based and through to profit and loss, or loans and receivables, or held-to-maturity investments.

⑤ Other financial liabilities: financial liabilities not divided into measurement in fair value base and through into profit and loss account.

(2) Measurements for financial assets and financial liabilities

The Company's financial asset or financial liability is recognized at its fair value initially. For financial assets or financial liabilities at fair value through profit or loss, relevant transaction costs that are directly attributable to current profit and loss; for other types of financial assets or financial liabilities, transaction costs related to the amount included in the initial confirmation cost.

Subsequent measurement of financial assets and financial liabilities:

① Financial assets or financial liabilities at fair value through profit or loss measured at its fair value, at balance sheet date, the changed difference of fair value are accounted for profit and loss in current period.

② Held-to-maturity investments, which shall be measured at amortized cost using the effective interest method, the profit or loss of termination confirmation, impairment or amortization included in the profit and loss account.

③ Loans and receivables, which shall be measured at amortized cost using the effective interest method, the profit or loss from termination confirmation, impairment or amortization included in the profit and loss account.

④ Available-for-sale financial assets, are measured with fair value, any changes of fair value of available-for-sale financial assets at the end of period are accounted for capital reserve (other capital reserve). Disposal of available-for-sale financial assets, the difference between consideration received and carrying value of the financial assets included into investment profit or loss account; at the same time, turn out the original cumulative amount of fair value change of corresponding part within the equity, included into investment profit or loss account. The impairment losses and Exchange differences of foreign monetary financial assets including into current profit and loss. Interest received and cash dividends received during the hold period are recognized as investment income.

⑤ Other financial liabilities, together with the equity instrument that price not be quoted in active market and the fair value could not measure reasonably measured, as well as the subsequent measurement should according to the cost of derivative financial liabilities.

A financial guarantee contracts not classified into financial liabilities designated at fair value with changes in fair value accounted through profit for loss for the relevant reporting period or a deep-discounted loan not classified into financial liabilities designated at fair value with changes in fair value accounted through profit for loss for the relevant reporting period is subsequently measured at the higher of the amount determined by CAS 13 – Contingencies and the residual amount after deducting the cumulative amortization determined by CAS 14 – Revenue from the amount upon the initial recognition.

Other financial liabilities adopt the effective interest method, subsequent measured by amortization cost,

recognized the profits and losses by termination confirmation or amortization to current profit and loss account.

⑥ Fair value: It's the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In a fair deal, the transaction should the two sides are continuing operations enterprises, do not intend to carry out the liquidation or a major reduction in scale of operation, or under adverse conditions is still trading. The existence of an active market of financial assets or financial liabilities, the quotation within the active market should be used to determine its fair value. If there is no active market, company should adopt valuation techniques to determine the fair value.

⑦ The amortized cost of a financial asset or financial liability: it's the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial recognized amount and the maturity date amount, and minus any reduction for impairment or unrecoverable.

⑧ The effective interest method: It's a method of using effective interest calculating the amortized cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. Then calculating the effective interest rate, company shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses.

(3) Transfer and derecognition of financial asset

① Derecognize financial asset if, and only if, meets one of the following three conditions:

- a. terminate the contractual rights of cash flows from the financial asset;
- b. the financial assets have been transferred, and the ownership of the risks and rewards of financial assets transferred to other party;
- c. the financial assets have been transferred, but the Company neither transferred the ownership of the risks and rewards of financial assets, nor retained, and gives up control of the financial assets.

② When termination conditions of entire transferred assets has been satisfied, the differences between the amounts of following items shall be recognised in the current period profits and losses account:

- a. The carrying value of transferred financial assets;
- b. The consideration received from the transfer, and the accumulative amount of the changes of the fair value originally recorded in the shareholders' equities.

③ If the transfer of partial financial assets satisfies the conditions of derecognize, the entire book value of the transferred financial asset shall apportion, between the portion whose derecognize and the recognized portion (under such circumstance, the service asset retained shall be deemed as a portion of financial asset whose derecognize), be apportioned according to their respective relative fair value, and the difference between the amounts of the following two items shall be accounted for the profits and losses of the current period .

- a. The portion of carrying value derecognized;
- b. The consideration received from the transfer, and the accumulative amount of the changes of the fair value

originally recorded in the shareholders' equities.

④ If the Company fails to satisfy the conditions of derecognition for transferred financial assets, it shall continue to recognize the entire financial assets to be transferred and shall recognize the consideration it receives as a financial liability. For those financial assets transfer adopt continuing involvement method, the Company should recognize one financial asset and one financial liability, according to the extent of the transferred financial assets of continuing involvement.

(4) Methods for testing and withdrawing of financial assets impairment

① If the Company have the following evidence to prove the impairment of financial assets, should recognize the provision of impairment:

- a. significant financial difficulty of the issuer or obligor;
- b. a breach of contract, such as a default or delinquency in interest or principal payments;
- c. the lender, for economic or legal reasons relating to the borrower' s financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- d. it becoming probable that the borrower will enter bankruptcy or other financial inorganization;
- e. the disappearance of an active market for that financial asset because of financial difficulties;
- f. observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group;
- g. any seriously disadvantageous change has occurred to technical, market, economic or legal environment, etc. wherein the debtor operates its business, which makes the investor of an equity instrument unable to take back its investment;
- h. the fair value of financial instrument investment incur serious or non-temporary decline;
- i. other objective evidence that prove impairment of financial assets.

② On balance sheet date, the Company should adopt different impairment test method for different category of financial assets, and recognize provision of impairment:

- a. **Held-to-maturity investments:** on the balance sheet date, if there are objective evidence of impairment for the investment, the Company has recognized the impairment loss by the asset' s carrying amount and the present value of estimated future cash flows.
- b. **Available-for-sale financial assets:** on the balance sheet date, the Company analyses the impairment evidences of the financial assets, experienced judgment whether continuing decline in the fair value. Generally, if the fair value of financial assets incurred serious decline, after consideration of all relevant factors, anticipate this is non-temporary, therefore can identified the available-for-sale financial assets has impaired, should recognize the impairment loss. When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from equity and recognised in impairment loss account of income

statement.

10. Accounts receivable

(1) Bad debt provision for individually significant accounts receivable

Judgment basis or monetary standards of provision for bad debts of the individually significant accounts receivable: On the balance sheet date, those individual accounts receivable and individual other receivable account for more than 10% (include 10%) of total balance of the accounts receivable is considered as individual significant amounts.

Method of individual provision for bad debts of the individually significant accounts receivable: A receivable of individual significance is individually assessed for impairment on the balance sheet date. If it is objectively evidential that a receivable of individual significance has impaired, the impairment loss shall be recognized based on the difference of the book values higher than the present value of future cash flows, and relevant provision for bad debts impairment shall be withdrawn.

Individually testing un-happened decrease in individually significant accounts receivable, the Company use portfolio of credit risk to withdrawing bad debt provision, as following:

(2) Accounts receivable for which bad debt provisions are made on the group basis

Name of group	Recognition basis of group	Withdrawal method of bad debt provision on the group basis
Aging group	Aging status	Aging analysis method
Related-party group	Related-party relationship	Other method

In the groups, adopting aging analysis method to withdraw bad debt provision:

Age	Withdrawal proportion for accounts receivable (%)	Withdrawal proportion for accounts receivable (%)
1-90 days	0.00	0.00
91-180 days	10.00	10.00
181-270 days	30.00	30.00
271-365 days	50.00	50.00
Over 365 days	100.00	100.00

In the groups, other methods to withdraw bad debt provision:

Name of group	Note of method
Related-party group	Not bad debt provision withdrawing of account receivable between the Company and the related-party group

(3) Accounts receivable with an insignificant single amount but for which the bad debt provision is made individually

Reason of individually withdrawing bad debt provision

If any objective evidence shows that the accounts receivable is with insignificant individual amount, but its credit risks are different from that of other accounts receivable, which shall be individually conducted the impairment test.

Withdrawal method for bad debt provision

The accounts receivable should be individually conducted the impairment test basing on the difference of the book values higher than the present value of future cash flows, then withdrawn relevant provision for bad debts.

The Company conducted impairment tests of cash deposit and guarantee deposit respectively. If there is not objective proof to indicate impairment, the bad debt provision would be waived.

(4) The Company collects its long-term account receivables according to the collection day stipulated in the contract and calculates account age from the collection day, determines the ratio of bad debt withdrawing of the following long-term accounts receivables in compliance to the status quota:

Account-age	Ratio of long-term account-receivables withdrawing%
Undue collection period	0.00
1-60 days	10.00
61-120 days	30.00
121-180 days	50.00
Over 81 days	100.00

(5) As for other accounts receivables including receivable receipt, prepayment, interest receivable, etc., the Company withdraws bad debt provision according to the margin between the future cash flow and book value.

11. Inventory

(1) Classification

Inventories include finished goods and merchandises held for sale, work-in-progress and materials and supplies to be consumed in the course of production of goods or rendering of services. Inventories are classified into materials in transit, raw materials, work-in-progress, finished goods, materials and goods of consignment and revolving materials etc.

(2) Pricing method for outgoing inventories

Inventories are measured using the weighted average method upon issuance.

(3) Recognition basis of net realizable value and withdrawal method of depreciation reserves for inventories

① Estimates of net realizable value: Those stocks used for directly sale, the net realizable value is referred to the estimated selling price minus the estimated selling expenses and related tax and fees in normal operating process. Those stocks need to process; the net realizable value is referred to the estimated selling price minus the estimated finished cost and estimated selling expenses and related tax and fees in normal operating process; the net realizable value of the quantity of inventory held to satisfy firm sales or service contracts is based on the contract price. If the sales contracts are for less than the inventory quantities held, the net realizable value of the excess is based on general selling prices.

② Withdrawal method of impairment loss of inventories

At the balance sheet date, the evaluation criteria should base on the lower value between costs and net realizable value. When net realizable values are lower than costs, provision for impairment loss of inventories shall be made. Under normal circumstances, the Company provision impairment loss in according to individual inventory items, but for large quantity and low-unit-price inventories, provision for impairment loss of inventories shall be made based on the category of inventories; for those inventories that relating to the same product line that have similar purposes or end uses, are produced and marketed in the same geographical area, and cannot be practicably evaluated separately from other items in that product line, their impairment loss provision shall be consolidated.

When the circumstances that previously caused inventories to be written off below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-off is reversed (i.e. the reversal is limited to the amount of the original write-off) so that the new carrying amount is the lower of the cost and the revised net realizable value. The amount reversed recording into current profit and loss.

(4) Inventory system for inventories:

The inventory system for inventories is perpetual inventory system.

(5) Amortization method of the low-value consumption goods and packing articles

Low-value consumption goods: one-off amortization method

12. Long-term equity investment

Long-term equity investment includes rights and interests investment that the Company can implement control, joint control or exert influence on invested companies, or long-term investment without accurate measurement and fair value that the company can't implement control, joint control or exert influence on invested companies.

(1) Recognition of investment cost

The Company separates the following two cases of long-term equity investment for measurement:

① Long-term equity investment obtained through business combinations:

a. For obtaining subsidiary under common control, the consideration cost can be cash payment, non-monetary assets transfer or taking over the subsidiary's liability. Under this situation, the investment cost is carrying amount of shareholder's equity of the subsidiary on the merger date. The difference between the carrying amount of the net assets obtained and investment cost of long-term equity investment shall be adjusted to capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings. In the case of company issues equity securities as the consideration, the investment cost is carrying amount of shareholder's equity of the subsidiary on the merger date. If the book value amount of the issued shares is deemed as the capital, the difference between the carrying amount of the issued shares and investment cost of long-term equity investment shall be adjusted to capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings. All direct expenses related to the merger, including the auditor fee, evaluation expense, legal service expense, etc will be accrued into the current profit and loss.

b. For obtaining subsidiary not under common control, the cost of long-term equity investment is fair value of assets paid, liabilities undertaken by the Company, or the fair value of equity bonds issued. Where the cost of a business combination exceeds the acquirer's interest in the fair value of the bargainer's identifiable net assets, the difference shall be recognized as goodwill, Where the cost of combination is less than the acquirer's interest in the fair value of the bargainer's identifiable net assets, after reassessment, the difference shall be recognized in profit or loss for the current period (non-operating income). The audit fees, legal services fees, assessment and consultation fees and other costs directly related to business combinations shall be recognised in the transaction period profits and losses, while instruments issued as the consideration of business combinations, the issuing expenses of bonds or equity instruments recognised as the initial costs of bonds or equity instruments included in the cost of business combinations (except for issuing expenses of bonds and equity instruments).

② Other long-term equity investment that obtained not through business combinations, accordance with the following principles to determine the investment costs:

a. Long-term equity investment, which is acquired by cash consideration, the actual cash payment amount will be deemed as the investment cost. The investment cost includes the direct expenses related to the long-term equity investment, taxes and other necessary expenses. But if the actual payment contains cash dividend that has not been received but has been announced, that should be accounted separately.

b. Long-term equity investment, which is acquired by issuing equity securities, the fair value of the issued equity will be deemed as the investment cost.

c. For those long-term equity investments that invested by the investors, the values agreed in the investment contracts or agreements will be deemed as the investment cost, except that the contracts or agreements provide that the values are not fair.

d. Long-term equity investment is acquired by exchange of non-monetary assets, if the transaction has commercial substance or the fair values of exchange assets can be reliably measured, the fair values of these assets and relevant taxes will be deemed as the investment cost; the difference between the fair values of the assets and book values will be recognised into the current profit and loss; if the non-currency asset exchange does not satisfy these two conditions mention above, the book values of the assets and relevant taxes will be deemed as the investment cost.

e. Long-term equity investment, which is acquired by the debt restructuring the fair values of the obtained equities will be deemed as the investment cost; the difference between the investment cost and book values of credit will be recognised into the current profit and loss.

(2) Subsequent measurement of long-term equity instruments and recognition of gains or losses

The historical cost convention is employed to calculate the long-term equity investment of subsidiaries and will be adjusted in accordance with the equity method in the preparation of the consolidated financial statements.

The Company adopts historical cost convention for the following conditions: a long-term equity investment where the investing enterprise does not have joint control or significant influence over the investee, the investment is not quoted in an active market and its fair value can't be reliably measured.

The Company adopts equity method for the following conditions: a long-term equity investment where the investing enterprise have joint control or significant influence over the investee.

a. When a long-term equity investment is subsequently measured using the historical cost convention, increase or recovery of investment need to adjust the cost of long term equity investment. Cash dividends or profit distributions declared by the investee shall be recognized as investment income in the current period. However, investment income recognized by the investing enterprise shall be limited to the amount distributed to it out of accumulated net profits of the investee arising after the investment was made. Any cash dividends or distributions received in excess of this amount shall be treated as a recovery of investment cost.

b. When a long-term equity investment is subsequently measured using the equity method, after the investing enterprise has acquired a long-term equity investment, it shall recognize its share of net profits or losses made by the investee as investment income or losses, and adjust the carrying amount of the investment accordingly.

Investment income for the reporting period is recognised as the investor's share of the net profit or loss of the

investee for that reporting period. In computing the investor's share of the net profit or loss of the investee, the net profit or loss of the investee in the investee's account is adjusted for non-uniform accounting policies, the increased or decreased depreciation and amortization resulting from the acquisition fair value adjustments on fixed assets and intangible assets of the investee, the acquisition fair value adjustments on impairment allowance for assets and the elimination of intra-group transaction except losses arising from intra-group transactions which are impairment loss on assets in accordance with CAS 8 – Impairment of assets.

If an investor's share of losses of an associate equals or exceeds its interest in the associate, the investor discontinues recognizing its share of further losses, after the investor's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the associate; If the associate subsequently reports profits, the investor resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized, recover investment interests, and in the book value of the long-term equity investment successively.

Those long term equity for affiliated company and joint company, hold before first executive date, if there is relevant investment debit difference, according to residual time to amortize in straight line method, the amortization amount recognized in current profit and loss account.

(3) Recognition basis of joint control and significant influences

The existence of jointly control by an investor is usually evidenced in one or more of the following ways: ①any venturer cannot control the jointly controlled company's operation alone; ②the strategy decision of the jointly controlled company, should be agreed by each venture parties; ③the venturers may appoint one of them to manage the jointly controlled company, through control or agreement, but the management must follow all venturers' financial and operation strategies. When the jointly controlled company during legal reconstruction or bankrupt, or the transfer funds to investors strictly restricted in long time, the venturers cannot exercise joint control to the investee. However, if the joint control is really exist can be certified, the venturers still adopt equity method of long term equity investment principle to account.

The existence of significant influence by an investor is usually evidenced in one or more of the following ways:

①representation on the board of directors or equivalent governing body of the investee; ②participation in policy-making processes, including participation in decisions about dividends or other distributions; ③material transactions between the investor and the investee; ④dispatch of managerial personnel; or ⑤provision of essential technical information.

(4) Testing method of impairment and withdrawal method of provision for impairment

Each long-term equity investment is individually assessed for impairment on the balance sheet date. The assessment takes into account factors such as the investee's operating strategies, the legal environment in which the investee operates, the demand of the market in which the investee operates and the investee's profit-making ability to determine whether a long-term equity investment is subject to impairment. If the carrying amount of a long-term equity investment exceeds its net recoverable amount as at the balance sheet date, the excess is recognised as impairment loss of assets for the reporting period during which the impairment occurred; and an impairment allowance for that long-term equity investment of equal amount is also recognised. The recognised impairment loss for long-term equity investment is irreversible.

13. Investment property

Investment property is held to earn rentals or for capital appreciation or for both. Investment property includes leased or ready to transfer after capital appreciation land use rights and leased buildings.

(1) Depreciation or amortization method of property investment is measured by cost model:

Property investment is measured by cost model, according to its expected useful life and net residual rate on buildings and land-use right to calculate depreciation or amortization. The Company's estimated useful life, net residual rate and annual depreciation rate of investment property set out below:

<u>Categories</u>	<u>Estimated residual rate %</u>	<u>Estimated useful life</u>	<u>Annual depreciation (amortization) rate %</u>
Houses and buildings	10.00	20 years	4.50
Land use rights	0.00		Straight-line method during the useful life

(2) Basis of impairment of property investment is measured by cost model

On the balance sheet date, the evaluation criteria should base on the lower value between costs and net realizable value. When net realizable values are lower than costs, provision for impairment loss of property investment shall be made. If the value of the impaired investment property recovered, the provided impairment loss in prior period cannot be carry back.

14. Fixed assets

(1) Recognized standard of fixed assets

Fixed assets are tangible assets, held for use in production or supply of goods or services, for rental to others, or for administrative purpose, and have high unit price, as well as useful lives more than one accounting year. Fixed assets shall be recognized by actual costs incurred, if they meet the following conditions:

- ① The economic benefits related to fixed asset probably flows to the enterprise;
- ② The cost of fixed asset may be reliably measured.

The expenses relate meet above condition to fixed asset would be capitalized in the cost of asset, if not, it would be recognized as expense in profit and loss account of that period.

(2) Depreciation methods of fixed assets

Straight-line method is in used to calculate the depreciation of fixed assets.

Category of fixed assets	Expected net salvage value (%)	Useful life (Y)	Annual depreciation (%)
Housing and building	10.00	20 years	4.50
Machinery equipments	0.00	11-18 years	5.56-9.09
Electronic equipments and other	0.00	6 years	16.67
Transportation vehicle	0.00	6 years	16.67
Expenditures for improvement of rented fixed assets	0.00	The shorter one of beneficiary period and lease period	

(3) Testing method of impairment and withdrawal method of provision for impairment on fixed assets

On the balance sheet date, the Company assess all types of fixed assets whether there is any indication that an

asset may be impaired, if any such indication exists, the entity shall estimate the recoverable amount of the asset, reducing the carrying value to the estimated recoverable amount, the difference recognized into the current profit and loss account, simultaneous recognize the provision for impairment. Once the impairment loss has been recognized, never carry back in future accounting period. In assessing whether there is any indication that an asset may be impaired, the Company shall consider, as a minimum, the following indications:

- during the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
- significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated;
- market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially;
- evidence is available of obsolescence or physical damage of an asset;
- significant changes with an adverse effect on the entity have taken place during the period, These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date;
- evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected. For example: the net cash inflow or realized operating profits(or losses) made by the assets has declined significantly more than would be expected.
- other indications that an asset may be impaired.

(4) Affirmation and valuation methods to fixed assets under financing lease

The Company substantially transfers all the risks relevant to assets when renting fixed asset and affirms finance lease as the lease of the fixed assets when making remuneration. Cost of fixed assets by finance lease would be affirmed by the lower one of the fair value of leasing assets from the leasing commencement date and the present value of the minimum lease payment. Fixed assets by finance lease adopt corresponding depreciation policy with self-owned fixed assets to withdraw depreciation of leasing assets. Assets which can be rationally determined enable to acquire ownership of leasing assets by the end of the leasing period would be withdrawn depreciation by the durable years of leasing assets; assets which can't e rationally determined enable to acquire ownership of leasing assets by the end of the leasing period would be withdrawn depreciation by the shorter one of the using period of lease term and leasing assets.

15. Construction in progress

(1) Categories of construction in progress

The category of construction in progress is classified by the approved project.

(2) Standards and time of transferring construction in progress into fixed asset

Construction in progress is transferred to fixed assets when the project is substantially ready for its intended use.

The project is in condition of ready for used but not transact in the final account would be transferred to fixed assets in its estimate value, and adjust the value after transact in the final account, but would not adjust depreciated value that have been depreciated.

(3) Impairment test method and withdrawal method for impairment provision of construction in progress

On the balance sheet date, the Company shall assess the overall construction in progress, if there is evidence provide that the value of project are declined, the entity shall estimate the recoverable amount of the asset, reducing the carrying value to the estimated recoverable amount, the difference recognized into the current profit and loss account, simultaneous recognize the provision for impairment. Once the impairment loss has been recognized, never carry back in future accounting period. Exercise impairment test for construction in progress, if meet the one or more the following conditions:

- ① suspend the project in a long time, and according to the estimate, not restart the construction within the next 3years;
- ② evidence is available of obsolescence in either function or technical, and bring great uncertainty for the cash inflows to the Company;
- ③ other indications that project may be impaired.

16. Borrowing costs

(1) Recognition principles for capitalization of borrowing costs

Borrowing costs that are direct attributable to construction, purchase and production of assets and comply with capitalization conditions, shall be capitalized and accounted to costs of relate assets; otherwise, borrowing costs shall be recognized as expenses when incurred and accounted through in profit and loss in current period.

The capitalization of borrowing costs shall satisfy the following conditions:

- ① The capital expenditures have been incurred.
- ② The borrowing costs have been incurred.
- ③ Activities relating to acquisition, construction or production that are necessary to make the assets being intended for use or sales have been launched.

Other borrowing costs、 discount or premium and difference of foreign exchange, should be recognized in the current profit and loss account.

When assets in line with capitalization confront abnormal interruption exceeding 3 months continuously, capitalization of borrowing costs should be suspended.

When assets that construction and manufacture meet the standards of capitalization reach expected workable or merchantable state, capitalization of borrowing costs should be suspended; borrowing costs encountering later would be determined by the encountering period.

(2) Calculation method of capitalized amount of borrowing costs

For a specific purpose borrowing, the amount of interest to be capitalized shall be the actual interest expenses incurred for the period less deposit interests of the borrowing funds or investment income from the temporary

investment.

Where funds are borrowed under general purpose, the entity shall determine the amount of interest to be capitalized by applying capitalization rate to weighted average of the excess amount between cumulative expenditures on the asset and the amount of specific-purpose borrowings. The capitalization rate shall be weighted average of the interest rates applicable to the general-purpose borrowings.

17. Intangible assets

(1) Pricing method of intangible assets

Intangible assets are recognized initially at cost.

(2) Useful life and amortization of intangible assets

Period of intangible asset that could bring future economic benefit inflow to company could determined reasonably according to the judgment according to reason of contract right or other legal right, condition in same industry, history experience, and demonstrate of expert would be recognize as finite useful life assets. Otherwise, the asset would be recognized as infinite useful life assets.

① To estimate the life of finite useful years asset would consider factor of: a. The life cycle of the product produced by the assets, and the information of similar asset; b. The development of craftwork and technology, and the estimate of future development trend; c. The demand condition in market of the product produced by the asset; d. The estimated action would be taken by competitor or potential competitor; e. The expense expected to maintain the assets to bring future economic benefits and the ability of the Company to pay for it; f. The relevant law restriction on control period of the asset or other similar restriction such as franchise, lease period; g. Relation with other assets' useful life, that hold by the Company.

② The intangible asset with finite useful years should be amortization on a systematic and rational basic according its economic benefit achievement plan. A straight line method would be used if the plan could not define.

(3) Impairment test method and withdrawal method of impairment provision of life-uncertained tangible assets

Intangible asset with infinite useful years would not amortize, but would conduct impairment test every year. the useful life of such an asset should be reviewed each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset., if still under uncertainty situation after the revaluation, shall conduct impairment test. When the net recoverable amount lower than the carrying value, reducing the carrying value to the estimated recoverable amount, the difference recognized into the current profit and loss account, simultaneous recognize the impairment allowance. The recognised impairment allowance is irreversible in subsequent reporting periods.

Exercise impairment test for intangible assets, if meet the one or more the following conditions:

① Significant changes with an adverse effect on the profitability of intangible assets have taken place during the period, These changes include the intangible replaced by other new technique;

② The market value has declined in current period, and may not rise in the future residual period;

③ Other indication to prove that the carrying value higher than the recoverable value.

(4) Criteria of separating the research phase and development phase of internal R&D project

Internal organizational research expenses are accounted through profit and loss in current period; development costs which are recognized as intangible assets shall satisfy the following conditions: ① it is technical feasible for use or sales upon the completion of the intangible assets; ② it is intended for use or sales upon the completion of the intangible assets; ③ the manner to provide that expect future economic benefits that are attributable to the intangible assets including a market is exist for the asset or product of the asset or provide evidence of serviceable if asset are inside used; ④ the entity should have enough technology, financial and other resources to support the completion of development, and have ability to use or sale the intangible assets; ⑤ the cost of intangible asset can be measured reliably.

18. Long-term deferred expenditure

An item long-term deferred expenses is an expense which has been incurred and which has a beneficial period (a period during which an expense is expected to bring economic benefits to an entity) which is longer than one year and which includes at least part of the reporting period during which the expense was incurred and subsequent reporting periods. An item of long-term deferred expenses is recognised at the actual amount of the expense incurred and allocated in each month of the beneficial period using the straight line method.

19. Assets transfer with repurchasing conditions

The sales and buy back is one of sales mode of the Company, that is means when sale the product, simultaneously agreed to buy back the same or similar product in the future. Under this sales mode, the Company accords to the clause of contract or agreement to decide whether the revenue recognition criteria are satisfied. If the Company has not transferred to the buyer the significant risks and rewards of ownership of the goods, the Company should not recognize the revenue; if the buy back price higher than the original sales price, during the buy back period, the Company shall recognize the interest expenses to income statement (financial expenses).

20. Estimated liabilities

(1) Recognition criteria of estimated liabilities

Obligation with contingency factor such as external hypothecate, lawsuit or arbitrage in dispute, guarantee on quality of product, cut-down plan, loss of contract, recombine obligation, obligation on abandon fixed asset, and meet the follow condition simultaneously would determined as liabilities:

- ① This obligation is current obligation of the Company; and,
- ② The performance of this obligation will probably cause economic benefits outflow of the Company; and,
- ③ The amount of this obligation can be reliably measured.

Loss contracts and restructuring obligations of the Company meet the above conditions shall be recognized as accrued liabilities.

(2) Measurement of estimated liabilities

Accrued liabilities would be measured initial according to the optimum evaluation of outflow of economic benefit,

and the Company perform relate obligation that consider risk, incertitude, time value of currency of contingency factor. Discount future cash flow to present value to determine the optimum evaluation if the time value of currency has great impact. On balance sheet date, check the carry amount of accrued liabilities, and make adjustment to carry amount to reflect the optimum evaluation. The increase amount in carry amount of accrued liabilities cause by time process would be determined as interest fee.

(3) Determination method for the optimum evaluation

If needed expenditure lies in a range of amounts, it means that the optimum evaluation would be the average amount of the maximum amount and the minimum amount in the range; if expenditure doesn't lie in a range of amount, the best optimum would be determined as following:

①as for item relating to a single project, the optimum evaluation would be determined by the most possible accrual;

②as for item relation to several projects, the optimum evaluation would be determined by various kinds of possible accruals and probability of occurrence. Third-party or other-parties need to pay all or part of expected remunerations which is affirmative for debt by liquidity and the remuneration would be confirmed independently. Affirmative amount of remuneration should not exceed book value of affirmative debt.

21. Share-based payment and equity instruments

(1) Categories of share-based payment

The types of shares-based payment of the Company are: cash-settle and equity-settle.

① Cash-settled share-based payment

The measurement of cash-settle is according with the fair value of liability undertake by the Company, which is calculated base on the Company's share or other equity instrument.

The value of cash-settle share-based payment that could exercise immediately after award would be reckoned to relate cost or expense, and increase liability corresponds to it.

On each balance sheet date, a best estimated of situation of exercise cash-settled right that with waiting-period should be undertaken, and reckon cost or expense and increase liability which is on the base of service award by the Company, according to the fair value of company's liability.

② Equity-settled share-based payment

The measurement is base on the fair value of the equity instrument granted to employees.

The value of equity-settled payment that could be exercised immediately after award would be reckoned in relates cost and expense and increase capital reserves corresponds to it..

On each balance sheet date, a best estimated of amount of exercise equity-settled that with waiting-period should be undertaken, and reckon in cost or expense and capital reserves which is on the base of service award by the Company, according to the fair value of company's liability.

(2) The measures for the recognition of the fair value of the equity instruments.

① For those shares granted to employees shall measure the fair value of equity instruments granted at the measurement date, based on market prices if available, simultaneously, taking into account the terms and

conditions (exclude the vesting conditions of external market) upon which those equity instruments were granted.

② For those share options granted to employees, the market prices are not available in most circumstance. If there is no clauses and requirements of others similar trading options, the Company shall estimate the fair value of the share option granted using a valuation technique.

(3) Basis for the recognition of the best estimation of the vested equity instruments

On each balance sheet date of waiting-period, the Company shall recognize an amount for the equity instrument during the vesting period based on the best available estimate of the number of equity instruments expected to vest and shall revise that estimate, if necessary, if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates.

(4) Relevant accounting treatment on the implementation of share-based payment plan

① For cash-settled share-based payment transactions granted vest immediately, reckon cost or expense according to the fair value of the Company's liability on the measurement date, increase liability corresponds to it. At each reporting date and at the date of final settlement, with any change in intrinsic value recognised in profit or loss.

② If the equity instruments granted do not vest until completes a specified period of service or can be satisfied pre requirement, on each balance sheet date of waiting-period, the Company shall recognize an amount for the equity instrument during the vesting period based on the best available estimate of the number of equity instruments, according to the fair value of the Company's liability, recognize the received services as cost or expense, and increase liability corresponds to it.

③ The value of equity-settled payment that could be exercised immediately after award would be reckoned in relates cost and expense and increase capital reserves corresponds to it..

④ If the equity instruments granted do not vest until completes a specified period of service or can be satisfied pre requirement, on each balance sheet date of waiting-period, the Company shall recognize an amount for the equity instrument during the vesting period based on the best available estimate of the number of equity instruments, according to the fair value on the measurement date,, recognize the received services as cost or expense, and increase capital reserve corresponds to it.

22. Repurchase of shares of the Company

The Company accords to the legal procedures and approval through legal reporting, to decrease the share capital by the shares buy back method, reduce the paid-in capital by the amount of total nominal value of withdrawn shares, the difference between share price paid(including trading expense) and the nominal value shall be adjust the amount of equity, any amount more than the total nominal value, shall reducing the capital reserve(share premium)、surplus reserve and undistributed profits successively; any amount lower than the total nominal value, shall increasing the capital reserve(share premium).

The shares before buy back, as the treasury stock management, the share buy back payment recognized as cost of treasury stock.

If the transfer revenue received higher than the cost of the treasury stock, transfer the treasury stock, should be

increase the capital reserve (share premium); if that revenue received lower than the cost, should be reduce the capital reserve (share premium), surplus reserve and undistributed profits successively.

23. Revenue

(1) Criteria for recognition time of revenue from selling goods

Revenue from the sale of goods shall be recognized when all of the following conditions are satisfied:

- ① the entity has transferred the significant risks and reward ownership of goods to the buyer;
- ② the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over goods sold;
- ③ the amount of revenue can be measured reliably;
- ④ relate economic benefit is probably inflow to the enterprise;
- ⑤ the associated costs incurred or to be incurred can be measured reliably.

No matter what sales way the Company adopts to conduct its export sales of products, the recognition method for revenue is based on agreement in sales contracts or orders. As for selling products with the settlement way of FOB domestic port, revenue of sales are recognized to realize after gaining the B/L upon loading and completing the customs export formalities; as for selling products with the settlement way of FOB overseas port, revenue of sales are recognized to realize after completing the customs export formalities and gaining the B/L upon loading overseas.

The Company's accounting treatment for return of sales: according to the prevailing rules for international trade, the settlement way of FOB means that the purchaser has checked and accepted the purchased goods at the loading place, and undertaken relevant risks after shipping upon the check and acceptance, so the Company didn't make individual provision for the above issue, but recorded it directly into the gains and losses upon occurrence. The Company's accounting treatment of claims: the Company calculated the claims expense ratio according to the ratio of the annual amount of claims over the recent two years in the annual revenue of sales, and then withdrew the claims expenses to be recognized for the current sales of products according to the current revenue of sales and expected claims expenses ratio at the end of reporting period.

(2) Revenue from construction contracts

① When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract should be recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date. The recognition of revenue and expenses by reference to the stage of completion of a contract is often referred to as the percentage of completion method. Under this method, contract revenue is matched with the contract costs incurred in reaching the stage of completion, resulting in the reporting of revenue, expenses and profit which can be attributed to the proportion of work completed.

In the case of a fixed price contract, the outcome of a construction contract can be estimated reliably when all the following conditions are satisfied:

- a. total contract revenue can be measured reliably;
- b. it is probable that the economic benefits associated with the contract will flow to the enterprise;
- c. the contract costs attributable to the contract can be clearly identified and measured reliably so that actual

contract costs incurred can be compared with prior estimates; and

d. both the contract costs to complete the contract and the stage of contract completion at the balance sheet date can be measured reliably.

In the case of a cost plus contract, the outcome of a construction contract can be estimated reliably when all the following conditions are satisfied:

- a. it is probable that the economic benefits associated with the contract will flow to the enterprise; and
- b. the contract costs attributable to the contract, can be clearly identified and measured reliably.

On the balance sheet date, under the percentage of completion method, contract revenue is recognised as revenue in the income statement in the accounting periods in which the work is performed. Contract costs are usually recognised as an expense in the income statement in the accounting periods in which the work to which they relate is performed. The Company may have incurred contract costs, indemnity or reward, caused by the change of the contract. Such contract costs can be recognised as revenue, if such costs represent an amount due from the customer and there is an agreement with the customer.

② When the outcome of a construction contract cannot be estimated reliably:

- a. revenue should be recognised only to the extent of contract costs incurred that it is probable will be recoverable; and
- b. if the cost can not be recovered, contract costs should be recognised as an expense in the period in which they are incurred.

③ An expected loss on the construction contract should be recognised as an expense immediately

(3) Revenue from rendering of services

① The Company recognize revenue from rendering of service when come out of rendering of service can be measured reliably at balance sheet date, and adopt percentage of completion method in recognition of revenue. The method depends on schedule of complete to determined revenue and expense.

the outcome of service can be estimated reliably when all the following conditions are satisfied:

- a. the amount of revenue can be measured reliably;
- b. relate economic benefit is probably inflow to the enterprise;
- c. the complete of schedule could be determined reliably;
- d. the associated costs incurred or to be incurred can be measured reliably.

② When the outcome of rendering of service cannot be measured reliably at balance sheet date:

- a. revenue shall be recognized to the extent of costs incurred that are expected to be recoverable if compensation are predict to be award;
- b. to those cost that without compensation in predict, through to profit and loss account without recognize revenue.

(4) Revenue from abalienating of right to use assets

The revenue from abalienating of right to use assets including : interest income、user charges etc, recognized when all the following conditions are satisfied:

- ① the economic benefits related to the transaction are probably will flow into the Company;
- ② the amounts can be reliably measured.

Interest income, compute base on the funds used time by other peoples and the actual interest rate.

User charges, compute base on the chargeable time and method arranged in the contract or agreement.

24. Government subsidies

(1) Prerequisites for government subsidies

- ① enterprises can meet the standard of government subsidies;
- ② enterprises can receive the subsidies from government.

(2) type of government subsidies and accounting treatment method

① A government grant related to an asset shall be recognized as deferred income, when the assets is substantially ready for its intended use, evenly amortized to profit and loss over the useful lives of the related asset. Unamortized amount would be one-off recognized in profit and loss account when the asset is sale, convey, scrap, derogation before its useful life.

② For government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant shall be recognized as deferred income, and recognized in profit and loss over the periods in which the related cost are recognized.

(3) Measurement of government subsidies

Government subsidies measured according to amount received or receivable are monetary assets. Those government subsidies measured according to fair value are non-monetary assets; if the fair value can not be obtain in a reliable way, it shall be measured at its nominal amount.

(4) If the recognized government grants needed to return back, which shall be treated as follows:

- ① If there is relevant deferred income, decrease the carrying value of the deferred income, any exceeds the amount shall be recognized to current profit and loss account.
- ② If there is no relevant deferred income, recognized to current profit and loss account directly.

25. Deferred income tax assets and deferred income tax liabilities

The Company checks its business income tax in line with balance sheet liability method

Pursuant to the discrepancy between the fair value of assets, liabilities and tax basis, the Company determines deferred income tax assets and deferred income tax liabilities according to the expected withdrawal of assets or the calculation of applicable tax rate in liquidating period.

(1) Recognition basis of deferred income tax assets

① Deferred tax assets shall be recognized according to deductible temporary differences to the extent that is probable that tax profits will be available against which the deductible temporary differences can be utilized, but deferred tax assets arise from initial recognize of assets and liabilities in transaction that have character listed below would not recognised:

- a. The transaction is not business combination;
- b. At the time of the transaction, it affects neither accounting profit nor Taxable business revenue (or deductible

loss).

② The Company and subsidiaries, associated companies and joint venture investments that can be related to deductible temporary differences, while meeting the following conditions, to confirm the corresponding deferred income tax assets:

- a. Temporary differences in the foreseeable future is likely to switch back to; and
- b. It is likely to be used for deductible temporary differences in taxable income in the future.

③ The Company can carry forward for the subsequent year's tax losses and tax credits, to very likely be used to offset tax losses and tax credits amount of future taxable income limit, verify the corresponding deferred income tax assets.

(2) Recognition basis of deferred income tax liabilities

Deferred tax liabilities shall be recognized for all taxable temporary differences, except to the extent that the deferred tax liabilities arise from:

- ① The initial recognition of goodwill;
- ② The initial recognition of assets or liabilities, when all the following conditions are satisfied:
 - a. The transaction is not a business combination;
 - b. At the time of the transaction, it affects neither accounting profit nor Taxable business revenue (or deductible loss).
- ③ Temporary differences arise from the investments in subsidiaries, associates and interests in joint ventures, when all the following conditions are satisfied:
 - a. The parent, investor or venturer is able to control the timing of the reversal of the temporary difference; and
 - b. It is probable that the temporary difference will not reverse in the foreseeable future.

(3) The carrying amount of deferred income tax assets shall be reviewed at each balance sheet date. If it is unlikely to obtain sufficient taxable income to offset against the benefit of the deferred income tax asset, the carrying amount of the deferred income tax assets shall be written down.

Any such write-down should be subsequently reversed where it becomes probable that sufficient taxable income will be available.

26. Operating lease and financial lease

(1) Accounting treatments of operating lease

① When the Company as the lessee under operating lease, lease payments under an operating lease shall be recognized as an expense on a straight-line basis over the lease term. Initial direct expense undertaken by the Company, recognized to the management expenses, contingent rental incurred recognized as current expenses. If the lease contract including a rent-free period, the Company shall amortize the overall rent expenses on a straight-line basis over the whole lease period, during the rent-free period recognize lease expenses and liability correspond to it. If the lessee's expenses paid by the lessor, the Company shall be reduce this expenses from the total rent expenses, and amortize the balance.

② When the as the lessor under operating lease, lease income from operating leases shall be recognised in income on a straight-line basis over the lease term. The initial costs, recognized to the current profit and loss

account, however, if the amount is large, shall be added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. If the contract including a rent-free period, the Company shall recognize the total lease income for the whole lease period, during the rent-free period recognize the income also. If the Company paid some lessee's expenses, the Company shall amortize the income balance (total lease income deduct the expenses) during lease period.

(2) Accounting treatments of financial lease

① At the commencement of the lease term, lessees shall recognize finance leases as assets in their balance sheets at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, and the amount of present value of the minimum lease payments recognized as long term accounts payable, the difference recognized as unrecognized financial charges. During each lease period, adopt actual interest rate method to amortize the expenses, and recognized to financial expense in current period.

The depreciation policy for depreciable leased assets shall be consistent with that for depreciable assets that are owned, the depreciation period according to the lease period. If there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the assets shall be depreciated over its useful life. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

② When the Company as the lessor under finance lease, lessor shall recognize assets held under a finance lease in their balance sheets and present them as a long term accounts receivable at an amount equal to the minimum lease receivable add the initial cost, and simultaneously recognize unguaranteed residual value and the total of present value shall be recognized as unrealized financing profits, adopt the actual interest rate method to recognize income during the lease period, recording to other operating income.

27. Assets held for sale

(1) Recognition criteria of the assets held for sale

The Company shall classify a non-current asset as held for sale if when all the following conditions are satisfied:

- ① The appropriate level of management must be committed to a plan to sell the assets;
- ② The Company has entered into a irrevocably transfer agreement with buyer;
- ③ The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

(2) Accounting treatments of the assets held for sale

A non-current asset classified as held for sale is measured at the net residual amount after deducting the costs necessary to make a sale from its held-for-sale-classification fair value upon classification. The net residual amount is capped by the carrying amount of the asset immediately before the classification. The excess of the carrying amount of the asset immediately before the classification over the net residual amount is accounted for as impairment loss on assets for the reporting period during which the asset is classified as held for sale.

If a non-current asset (or disposal group) held for sale no longer meets the criteria for recognition as held for sale, the asset (or disposal group) is ceased to be recognised as held for sale and measured at the lower of:

- ① Its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any

depreciation, amortization or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale, and

② Its recoverable amount at the date of the subsequent decision not to sell.

28. Changes in main accounting policies and estimates

(1) Change of accounting policies

There were not main accounting policies changed during the report period.

(2) Change of accounting estimates

There were not main accounting estimates changed during the report period.

29. Correction of previous accounting errors

There was not accounting error made in previous periods discovered in the report period.

(III) Taxation

1. Main taxes and tax rate

(1) Applicable taxes and tax rate of the Company

Category of taxes	Tax basis	Tax rate
VAT	Revenues from sales of products and raw materials	0, 17
Business tax	Taxable business revenue	5
Urban construction tax	Circulating taxes, exemption and deductible taxes	7
Education surcharge	Circulating taxes, exemption and deductible taxes	3
Local education surcharge	Circulating taxes, exemption and deductible taxes	2
Enterprise income tax	Taxable income	25

“Exemption, set off, return method” is applicable to export products and raw materials with a VAT of 0%.

(2) Taxes and tax rate of main subsidiaries

① Tsann Kuen (Zhangzhou) Enterprise Co., Ltd. (hereafter, TKL)

<u>Category of taxes</u>	<u>Tax basis</u>	<u>Tax rate%</u>
VAT	Revenues from sales of product and raw material	0,17
Business tax	Taxable business revenue	5
Urban construction tax	Circulating taxes, exemption and deductible taxes	5
Education surcharge	Circulating taxes, exemption and deductible taxes	3
Local education surcharge	Circulating taxes, exemption and deductible taxes	2
Enterprise income tax	Taxable income	15

“Exemption, set off, return method” is applicable to export products and raw materials with a VAT of 0%

In accordance with the Notice on Confirmation of the First and Second Batch Re-examined Hi-tech Enterprises of Fujian Province for 2011 (Min-Ke-Gao (2012) No. 1), Tsann Kuen (Zhangzhou) Enterprise Co., Ltd. was

confirmed as the first batch re-examined hi-tech enterprise of Fujian Province for 2011 (certificate No.: GF201135000115), with the valid periods of the year of 2011, 2012 and 2013.

② Tsann Kuen (Zhangzhou) South Port Electronics Enterprise Co., Ltd.

<u>Category of taxes</u>	<u>Tax basis</u>	<u>Tax rate%</u>
VAT	Revenues from sales of product and raw material	0,17
Business tax	Taxable business revenue	5
Urban construction tax	Circulating taxes	5
Education surcharge	Circulating taxes	3
Local education surcharge	Circulating taxes	2
Enterprise income tax	Taxable income	25

“Exemption, set off, return method” is applicable to export products and raw materials with a VAT of 0%

③ Tsann Kuen China (Shang Hai) Enterprise Co., Ltd.

<u>Category of taxes</u>	<u>Tax basis</u>	<u>Tax rate%</u>
VAT	Revenues from sales of product and raw material	17
Business tax	Taxable business revenue	5
Urban construction tax	Circulating taxes	1
Education surcharge	Circulating taxes	3
Local education surcharge	Circulating taxes	2
Enterprise income tax	Taxable income	25

④ Shanghai Canxing Trading Co.,Ltd.

<u>Category of taxes</u>	<u>Tax basis</u>	<u>Tax rate%</u>
VAT	Revenues from sales of product and raw material	17
Business tax	Taxable business revenue	5
Urban construction tax	Circulating taxes	1
Education surcharge	Circulating taxes	3
Local education surcharge	Circulating taxes	2
Enterprise income tax	Taxable income	25

⑤ Star Travel International (Xia Men) Co.,Ltd.

<u>Category of taxes</u>	<u>Tax basis</u>	<u>Tax rate%</u>
Business tax	Taxable business revenue	5
Urban construction tax	Circulating taxes	7
Education surcharge	Circulating taxes	3

<u>Category of taxes</u>	<u>Tax basis</u>	<u>Tax rate%</u>
Local education surcharge	Circulating taxes	2
Enterprise income tax	Taxable income	25

⑥ Xiamen Canxing Trading Co.,Ltd.

<u>Category of taxes</u>	<u>Tax basis</u>	<u>Tax rate%</u>
VAT	Revenues from sales of product and raw material	17
Business tax	Taxable business revenue	5
Urban construction tax	Circulating taxes	7
Education surcharge	Circulating taxes	3
Local education surcharge	Circulating taxes	2
Enterprise income tax	Taxable income	25

⑦ Xiamen Star Comgistic Trading Co.,Ltd.

<u>Category of taxes</u>	<u>Tax basis</u>	<u>Tax rate%</u>
VAT	Revenues from sales of product and raw material	17
Business tax	Taxable business revenue	5
Urban maintenance and construction tax	Circulating taxes	7
Education surcharge	Circulating taxes	3
Local education surcharge	Circulating taxes	2
Enterprise income tax	Taxable income	25

⑧ PT. STAR COMGISTIC INDONESIA

<u>Category of taxes</u>	<u>Tax basis</u>	<u>Tax (fare) rate%</u>
VAT	Revenues from sales of product and raw material	10(note)
Enterprise income tax	Taxable income	25

P.S.: The legal tax rate of VAT is 10%, however, in according to the approval document with number as ST-718/WBC.08/KPP.MP.02/2011 issued by Bureau of Customs of Indonesia on 5 Oct. 2011, the approval document with number as 291KMK.05/1997 issued by Ministry of Finance of Indonesia on 26 Jul. 1997 and the approval document with number as KEP-63/BC /1997 issued by General Administration of Customs of Indonesia, PT. STAR COMGISTIC INDONESIA is confirmed as a bonded factory, thus the actual applicable VAT tax rate for the export products by acquiring raw materials is zero.

(IV) Business combination and consolidated financial statement

1. Subsidiaries

(1) Subsidiaries obtained by establishment and investment

Subsidiaries name	Type	Registered place	Business nature	Registered capital	Business scope
Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.(TKL)	Holding subsidiary	Zhangzhou	Manufacture home electronic appliance	160,000,000.00 USD	Development, production and sales of small home electronic appliance, new style of electronic device, light-industrial product, and modern furniture and relative modules
Star Travel International (Xiamen) Co.,Ltd.(TSX)	Wholly-owned subsidiary	Xiamen	Travel business	5,000,000.00 USD	Inbound tourism business; domestic tourism business

Subsidiaries obtained by establishment and investment

Subsidiaries name	Actual amount of investments at the period-end	Other essential investment	The proportion of holding shares (%)	The proportion of voting rights (%)
TKL	120,000,000.00 USD		0.00	75.00
TSX	5,000,000.00USD		0.00	100.00

Subsidiaries obtained by establishment and investment

Subsidiaries name	Included in consolidated statement	Minority interest	Deductible minority interests
TKL	Yes	322,447,140.27	0.00
TSX	Yes	0.00	0.00

(2) Subsidiaries obtained by business combination under same control

Subsidiaries name	Type	Registered place	Business nature	Registered capital	Business scope
Tsann Kuen China (Shanghai) Enterprise Co., Ltd. (TKS)	Sino-foreign joint venture	Shanghai	Manufacture of small household appliances	40,000,000.00 USD	Production and sales of household appliances, electronics, light industrial products and modern office supplies and relevant modules

Subsidiaries obtained by business combination under same control

Subsidiaries name	Actual amount of investments at the period-end	Other essential investment	The proportion of holding shares (%)	The proportion of voting rights (%)
TKS	25,000,000.00 USD		0.00	62.5%

Subsidiaries obtained by business combination under same control

Subsidiaries name	Included in consolidated statement	Minority interest	Deductible minority interests
TKS	Yes	35,532,550.22	366,620.35

2. Sub-subsidiaries

(1)Sub-subsidiaries obtained by establishment and investment

Sub-subsidiaries name	Type	Registered place	Business nature	Registered capital	Business scope
Tsann Kuen (Zhangzhou) South Port Electronics Enterprise Co., Ltd. (TKN))	Subsidiary of holding subsidiary	Zhangzhou	Manufacture home electronic appliance	5,000,000.00 CNY	Development and production of small home electronic appliance, new style of electronic device, light-industrial product, and modern furniture
Tsann Kuen (Zhangzhou) Profession and Technology Institute (LTC)	Non-enterprise unit of holding subsidiary	Zhangzhou	Secondary vocational education	3,000,000.00 CNY	Secondary vocational education
Shanghai Canxing Trading Co.,Ltd (STD)	Subsidiary of holding subsidiary	Shanghai	Sales of home electronic	4,950,000.00 CNY	Engaging in household appliances, calculators and accessories, communication equipment, electrical equipment, office supplies and related products (including kitchen supplies) the import, wholesale, retail and after-sales service; self-and agent all kinds of goods and Wholesale, retail, general merchandise, home electronic appliance, computer and its fitting equipment, communication equipments, mechanical and electronic equipments, office equipments, kitchen appliance and related complete product; Import or export products or technology, but those products prohibit by the Country are exempt.
Xiamen Canxing Trading Co.,Ltd. (TSX3C)	Subsidiary of holding subsidiary	Xiamen	Sales of home electronic	30,000,000.00 CNY	Wholesale, retail, general merchandise, home electronic appliance, computer and its fitting equipment, communication equipments, mechanical and electronic equipments, office equipments, kitchen appliance and related complete product; Import or export products or technology, but those products prohibit by the Country are exempt.
Xiamen Star Comgistic Trading Co.,Ltd. (SCCX)	Subsidiary of holding subsidiary	Xiamen	Sales of home electronic	28,000,000.00 CNY	Wholesale, retail, general merchandise, home electronic appliance, computer and its fitting equipment, communication equipments, mechanical and electronic equipments, office equipments, kitchen appliance and related complete product; Import or export products or technology, but those products prohibit by the Country are exempt.

Sub-subsidiaries obtained by establishment and investment

Sub-subsidiaries name	Actual amount of investments at the period-end	Other essential investment	The proportion of holding shares (%)	The proportion of voting rights (%)
TKN	3,750,000.00 CNY	0.00	56.25	75.00
LTC	3,000,000.00 CNY	0.00	75.00	100.00
STD	4,950,000.00 CNY	0.00	56.25	100.00
TSX3C	30,000,000.00 CNY	0.00	75.00	100.00
SCCX	28,000,000.00 CNY	0.00	75.00	100.00

Sub-subsidiaries obtained by establishment and investment

Sub-subsidiaries name	Included in consolidated statement	Minority interest	Deductible minority interests
TKN	Yes	2,934,976.34	0.00
LTC	Yes	0.00	0.00
STD	Yes	0.00	0.00
TSX3C	Yes	0.00	0.00
SCCX	Yes	0.00	0.00

(2) Sub-subsidiaries obtained by business combination under same control

Sub-subsidiaries name	Type	Registered place	Business nature	Registered capital	Business scope
East Sino Development Limited	Subsidiary of holding subsidiary	Hong Kong	Investment company	135,993,000 HKD	Investment
PT. STAR COMGISTIC INDONESIA (SCI)	Subsidiary of holding subsidiary	Indonesia	Manufacture of home electronic	17,500,000 USD	Production and sales of household appliances, electronics, light industrial products and modern office supplies

Sub-subsidiaries obtained by business combination under same control

Sub-subsidiaries name	Actual amount of investments at the period-end	Other essential investment	The proportion of holding shares (%)	The proportion of voting rights (%)
ESD	16,300,000 USD	0.00	75.00	100.00
SCI	17,425,000 USD	0.00	74.68	99.57

Sub-subsidiaries obtained by business combination under same control

Sub-subsidiaries name	Included in consolidated statement	Minority interest	Deductible minority interests
ESD	Yes	0.00	0.00
SCI	Yes	138,406.51	103,769.21

P.S.: SCI is the holding subsidiary of ESD.

2. Special purpose entities or operating entities with control right formed by entrusted operation or lease

Applicable Inapplicable

3. Explanation on changes in consolidated scope

Applicable Inapplicable

Unit: RMB Yuan

Subsidiaries deconsolidated	Date of deconsolidation	Net asset at the disposal date	Net profit from year-begin to disposal date	Reason for change of consolidated scope
Shanghai Fanxin Airlines Service Co., Ltd. (TSST)	18 March 2013	254,402.41	-25,738.47	Write-off

Star Travel International (Da Lian) Co.,Ltd. (TSD)	21 March 2013	0.00	120,759.65	Equity transfer
Xiamen Canxing Airlines Service Co., Ltd.(TSXT)	24 June 2013	0.00	-33,177.32	Write-off

In line with adjustment of operating strategy of the Company, the Company suspended the operation of travel subsidiaries. Up to the reporting period, progresses relating to travel subsidiaries are as following:

The Company held 100% stock equity of Shanghai Fanxin Airlines Service Co., Ltd. with a registered capital of 5,500,000 RMB, finishing liquidating formalities in 18 March 2013.

The Company holds 99% stock equity of Star Travel International (Da Lian) Co.,Ltd. with a registered capital of 5,300,000 RMB. In 13 March 2013 the Company transferred all the share equity to irrelated parties and finished industrial and commercial registration formalities of transfer in 21 March 2013.

Xiamen Canxing Airlines Service Co., Ltd., the wholly-owned subsidiary of Tsann Kuen (Zhangzhou) Enterprise Co., Ltd finished liquidating formalities in 24June 2013 with a registration capital of 1,500,000.

Other travel subsidiaries are arranging follow-up liquidating formalities.

4. Business combination under same control during the reporting period

Applicable Inapplicable

5. Business combination not under same control during the reporting period

Applicable Inapplicable

6. Subsidiaries reduced by selling equities without control right during the reporting period

Applicable Inapplicable

7. The counter purchases in the reporting period

Applicable Inapplicable

8. Mergers in the reporting period

Applicable Inapplicable

9. Exchange rates of major items in financial statements for foreign entities

Within the consolidated financial statement, East Sino Development Limited was the oversea business entities, the functional currency adopt HKD. The applicable exchange rate is HKD/CNY 0.79655(the balance sheet date spot rate) for assets and liabilities items; elements of owner's equity of financial statements except undistributed profit, are translated into the functional currencies using the transaction-dates spot exchange rates; elements of income and expenses of financial statements denominated in foreign currencies are translated into the functional currency using the spot exchange rate of HKD/CNY at the transaction-date; foreign exchange differences arising from treatments described in the above paragraph are separately presented in the financial statements as an element of owners' equity.

Within the consolidated financial statement, PT. STAR COMGISTIC INDONESIA was the oversea business entities, the functional currency adopt USD. The applicable exchange rate is USD/CNY 6.1787(the balance sheet date spot rate) for assets and liabilities items; elements of owner's equity of financial statements except undistributed profit, are translated into the functional currencies using the transaction-dates spot exchange rates; elements of income and expenses of financial statements denominated in foreign currencies are translated into the functional currency using the spot exchange rate of USD/CNY at the transaction-date; foreign exchange differences arising from treatments described in the above paragraph are separately presented in the financial statements as an element of owners' equity.

(V) Notes on major items in consolidated financial statements of the Company

1. Monetary funds

Item	Original currency	<u>30 June 2013</u>	Standard	<u>31 December 2013</u>	Standard
		Exchange rate		Original currency	

			money			money
Cash stock						
RMB	269,997.15	1.0000	269,997.15	344,281.70	1.0000	344,281.70
HKD	10,428.60	0.7965	8,306.90	17,133.10	0.8109	13,893.23
USD	8,242.15	6.1787	50,925.77	15,917.43	6.2855	100,049.01
JPY	302,745.80	0.0626	18,954.01	569,261.80	0.0730	41,584.01
IDR	72,534,822.96	0.0006	45,144.25	150,541,027.35	0.0007	98,215.28
CHF	7.00	6.4877	45.41	7.00	6.8274	47.79
EUR	39,602.34	8.0536	318,941.41	28,083.09	8.3176	233,583.91
HUF	81,016.00	0.0272	2,203.64	81,016.00	0.0283	2,292.75
Subtotal			<u>714,518.54</u>			<u>833,947.68</u>
Deposit in bank						
RMB	380,276,298.78	1.0000	380,276,298.78	431,696,307.47	1.0000	431,696,307.47
HKD	1,447,652.16	0.7965	1,153,178.38	13.50	0.8109	10.95
USD	85,838,800.06	6.1787	530,372,193.91	50,944,139.44	6.2855	320,209,388.45
JPY	53,275,417.00	0.0626	3,335,414.04	50,289,340.00	0.0730	3,673,586.00
EUR	276,871.20	8.0536	2,229,809.90	756.15	8.3176	6,289.35
IDR	3,411,911,704.98	0.0006	2,123,192.83	4,509,466,875.94	0.0007	2,942,045.62
Subtotal			<u>919,490,087.84</u>			<u>758,527,627.84</u>
Total			<u>920,204,606.38</u>			<u>759,361,575.52</u>

2. Trading financial assets

(1) Trading financial assets

Item	<u>2013.06.30</u>	<u>2012.12.31</u>
Derivative financial assets	<u>6,985,964.05</u>	<u>0.00</u>
Total	<u>6,985,964.05</u>	<u>0.00</u>

3. Notes receivable

(1) Category of notes receivable

Item	<u>2013.06.30</u>	<u>2012.12.31</u>
Bank acceptance bill	<u>5,277,843.70</u>	<u>3,356,956.00</u>
Total	<u>5,277,843.70</u>	<u>3,356,956.00</u>

(2) There was not receivable pledged at period-end

(3) There was not transferred to accounts receivable because drawer of the notes fails to execute the contract or agreement, and undue notes endorsed to other parties at the end of the period.

(4) There was not commercial acceptance bill that already discounted or pledged in the period-end.

4. Interest receivable

Item	31 December 2012	Increase in current period	Decrease in current period	30 June 2013
Interest of term deposit	5,231,397.36	6,094,840.50	6,238,369.07	5,087,868.79
Banking interest income	<u>0.00</u>	<u>59,166.67</u>	<u>0.00</u>	<u>59,166.67</u>
Total	<u>5,231,397.36</u>	<u>6,154,007.17</u>	<u>6,238,369.07</u>	<u>5,147,035.46</u>

5. Accounts receivable

(1) Accounts receivable listed by categories

Item	30 June 2013			
	Amount	Proportion (%)	Bad debt provision	Proportion(%)
Accounts receivable with significant single amount and individually withdrawn bad debt provision	0.00	0.00%	0.00	0.00%

Accounts receivable for which bad debt provisions are made on the group basis

Aging group	226,544,366.60	88.64%	9,017,005.88	3.98%
Related party group	29,032,940.34	11.36%	0.00	0.00%
Subtotal of group	<u>255,577,306.94</u>	<u>100.00%</u>	<u>9,017,005.88</u>	<u>3.53%</u>
Accounts receivable with insignificant single amount and individually withdrawn bad debt provision	<u>0.00</u>	<u>0.00%</u>	<u>0.00</u>	<u>0.00%</u>
Total	<u>255,577,306.94</u>	<u>100.00%</u>	<u>9,017,005.88</u>	<u>3.53%</u>

Continued

Item	31 December 2012			
	Amount	Amount	Amount	Amount
Accounts receivable with significant single amount and individually withdrawn bad debt provision	0.00	0.00%	0.00	0.00%
Accounts receivable for which bad debt provisions are made on the group basis				
Aging group	287,193,170.82	92.72%	7,611,554.71	2.65%
Related party group	22,551,408.94	7.28%	0.00	0.00%
Subtotal of group	<u>309,744,579.76</u>	<u>100.00%</u>	<u>7,611,554.71</u>	<u>2.46%</u>
Accounts receivable with insignificant single amount and individually withdrawn bad debt provision	<u>0.00</u>	<u>0.00%</u>	<u>0.00</u>	<u>0.00%</u>
Total	<u>309,744,579.76</u>	<u>100.00%</u>	<u>7,611,554.71</u>	<u>2.46%</u>

(2) In the groups, accounts receivable adopting aging analysis method to withdraw bad debt provision:

Aging	30 June 2013			31 December 2012		
	Amount	Proportion	Provision for bad debts	Amount	Proportion	Provision for bad debts
Within one year	219,486,525.57	96.88%	1,959,164.85	281,719,711.03	98.09%	2,138,094.92
Including 1-90 days	203,604,745.28	89.87%	0.00	267,557,094.81	93.16%	0.00
91-180 days	14,235,561.60	6.28%	1,426,156.84	11,964,703.52	4.17%	1,196,470.35
181-270 days	1,439,991.36	0.64%	429,894.34	786,658.93	0.27%	235,997.68
271-365 days	206,227.33	0.09%	103,113.67	1,411,253.77	0.49%	705,626.89
1-2 years	5,199,776.12	2.30%	5,199,776.12	4,480,870.85	1.56%	4,480,870.85
2-3 years	1,083,721.93	0.48%	1,083,721.93	172,778.55	0.06%	172,778.55
Over 3 years	<u>774,342.98</u>	<u>0.34%</u>	<u>774,342.98</u>	<u>819,810.39</u>	<u>0.29%</u>	<u>819,810.39</u>
Total	<u>226,544,366.60</u>	<u>100.00%</u>	<u>9,017,005.88</u>	<u>287,193,170.82</u>	<u>100.00%</u>	<u>7,611,554.71</u>

(3) In the groups, accounts receivable adopting related party portfolio method to withdraw bad debt provision:

Name of the borrowers	Book balance	Bad-debt provision	Withdrawing proportion	Reason
Tsann Kuen Japan Co., Ltd.	23,918,636.16	0.00	0.00%	Withdraw in line with bad-debt provision policy
Canxing Comgistic Co.,Ltd.	<u>5,114,304.18</u>	<u>0.00</u>	<u>0.00%</u>	Withdraw in line with bad-debt provision policy
Total	<u>29,032,940.34</u>	<u>0.00</u>	<u>0.00%</u>	

(4) Accounts receivable reversed or collected in the reporting period: Naught

(5) The write-off accounts receivable: Naught

(6) Particulars about accounts receivable due to shareholders holding 5% (including 5%) voting rights of the Company

Name of entity	30 June 2013		31 Dec 2012	
	Amount	Amount of	Amount	Amount of

		<u>provision for bad debts</u>		<u>provision for bad debts</u>
TSANN KUEN (CHINA) ENTERPRISE CO., LTD.	<u>5,114,304.18</u>	<u>0.00</u>	<u>7,657,257.39</u>	<u>0.00</u>
Total	<u>5,114,304.18</u>	<u>0.00</u>	<u>7,657,257.39</u>	<u>0.00</u>

(7) Accounts receivable amount in the top five units

<u>Name of entity</u>	<u>Relationship with the Company</u>	<u>Amount</u>	<u>Aging</u>	<u>The percentage amount of receivable accounts %</u>
First	Non-related relationship	38,356,747.84	Within 1 year	15.01%
Second	Related party	23,918,636.16	Within 1 year	9.36%
Third	Non-related relationship	23,315,986.61	Within 1 year	9.12%
Fourth	Non-related relationship	18,283,935.88	Within 1 year	7.15%
Fifth	Non-related relationship	<u>17,476,987.10</u>	Within 1 year	<u>6.84%</u>
Total		<u>121,352,293.59</u>		<u>47.48%</u>

(8) Accounts receivable affiliated parties

<u>Name of entity</u>	<u>Relationships with the Company</u>	<u>Amount</u>	<u>The percentage amount of receivable accounts %</u>
TSANN KUEN JAPAN CO., LTD	The ultimate holding company	23,918,636.16	9.36%
STAR COMGISTIC CAPITAL CO., LTD.	Ultimate holding company	<u>5,114,304.18</u>	<u>2.00%</u>
合 计		<u>29,032,940.34</u>	<u>11.36%</u>

6. Prepayment

(1) Prepayments according to aging listed below

<u>Aging</u>	<u>30 June 2013</u>		<u>31 Dec 2012</u>	
	<u>Amount</u>	<u>Proportion</u>	<u>Amount</u>	<u>Proportion</u>
Within 1 year	<u>5,028,681.71</u>	<u>100.00%</u>	<u>3,348,515.58</u>	<u>100.00%</u>
Total	<u>5,028,681.71</u>	<u>100.00%</u>	<u>3,348,515.58</u>	<u>100.00%</u>

(2) The top five final prepayments amounts listed below

<u>Name of entity</u>	<u>Relationship with the Company</u>	<u>Amount</u>	<u>Aging</u>	<u>unbalanced reason</u>
First	Non-related relationship	2,491,397.00	Within 1 year	The contract has not completed
Second	Non-related relationship	465,141.80	Within 1 year	Supplier has not delivery
Third	Non-related relationship	464,005.49	Within 1 year	Supplier has not delivery
Fourth	Non-related relationship	217,985.87	Within 1 year	Supplier has not delivery
Fifth	Non-related relationship	<u>203,960.00</u>	Within 1 year	Supplier has not delivery
Total		<u>3,842,490.16</u>		

(3) Information about amount due from shareholders with more than 5% (including 5%) of the voting shares of the Company in prepayment

7. Other accounts receivable

(1) Other accounts receivable disclosed by type

Category	30 June 2013			
	Amount	Proportion	Provision for doubtful debts	Proportion
Other accounts receivable that is individually significant and provisions for bad debts individually	0.00	0.00%	0.00	0.00%
Other accounts receivable that provisions for bad debts by group				
Aging group	25,221,335.55	89.96%	753,538.22	2.99%
Related party group	0.00	0.00%	0.00	0.00%
Subtotal of group	25,221,335.55	89.96%	753,538.22	2.99%
Other accounts receivable with insignificant single amount and individually withdrawn bad debt provision	<u>2,815,785.10</u>	<u>10.04%</u>	<u>0.00</u>	<u>0.00%</u>
Total	<u>28,037,120.65</u>	<u>100.00%</u>	<u>753,538.22</u>	<u>2.69%</u>

continued

Category	31 Dec 2012			
	Amount	Proportion	Provision for doubtful debts	Proportion
Other accounts receivable that is individually significant and provisions for bad debts individually	0.00	0.00%	0.00	0.00%
Other accounts receivable that provisions for bad debts by group				
Aging group	38,934,534.38	92.17%	722,231.44	1.85%
Related party group	0.00	0.00%	0.00	0.00%
Subtotal of group	<u>38,934,534.38</u>	<u>92.17%</u>	<u>722,231.44</u>	<u>1.85%</u>
Other accounts receivable with insignificant single amount and individually withdrawn bad debt provision	<u>3,303,804.21</u>	<u>7.83%</u>	<u>0.00</u>	<u>0.00%</u>
Total	<u>42,238,338.59</u>	<u>100.00%</u>	<u>722,231.44</u>	<u>1.71%</u>

(2) In the group, other accounts receivable that provisions for bad debts by aging analysis

Category	30 June 2013			31 Dec 2012		
	Amount	Proportion	Provision for doubtful debts	Amount	Proportion	Provision for doubtful debts
Within 1 year	24,542,886.82	97.31%	75,089.48	38,222,289.95	98.17%	9,987.01
Including: 1-90 days	24,301,760.84	96.36%	0.00	38,156,357.56	98.00%	0.00
91-180 days	43,800.61	0.17%	4,380.06	48,963.62	0.13%	4,896.37
181-270 days	139,766.34	0.55%	41,929.91	16,968.77	0.04%	5,090.64
271-365 days	57,559.03	0.23%	28,779.51	0.00	0.00%	0.00
1-2 years	414,347.23	1.64%	414,347.24	358,339.08	0.92%	358,339.08
2-3 years	248,601.50	0.99%	248,601.50	335,405.35	0.86%	335,405.35
Over 3 years	<u>15,500.00</u>	<u>0.06%</u>	<u>15,500.00</u>	<u>18,500.00</u>	<u>0.05%</u>	<u>18,500.00</u>
Total	<u>25,221,335.55</u>	<u>100.00%</u>	<u>753,538.22</u>	<u>38,934,534.38</u>	<u>100.00%</u>	<u>722,231.44</u>

(3) Other accounts receivable that provisions for bad debts not by related party group in the reporting period

(4) Information of other accounts receivable reversed or recovered in the reporting period

Name of entity	The reason reversed or recovered	The basis determines the original provision for bad debts	Accumulated depreciation in the amount of provision for bad debt before reversed or recovered	Total of reversed or recovered
DELONGI	Returned provision	According to the policy of provision for bad debt provision	<u>72,666.20</u>	<u>72,666.20</u>

(5) Other receivables provision for bad debt provision that is not individually significant but has paid separately for testing in the reporting period

<u>Other receivables</u>	<u>Book balance</u>	<u>bad-debt provision</u>	<u>Provision ratio (%)</u>	<u>Reason for provision</u>
Deposit	998,450.00	0.00	0.00	According to the policy of provision for bad debt provision
Payments for equipment	<u>1,817,335.10</u>	<u>0.00</u>	<u>0.00</u>	According to the policy of provision for bad debt provision
Total	<u>2,815,785.10</u>	<u>0.00</u>	<u>0.00</u>	

(6) No write-off of other receivables in the reporting period

(7) Information about amount due from shareholders with more than 5% (including 5%) of the voting shares of the Company in other receivables

(8) Information of top five other accounts receivable in the reporting period

<u>Name of entity</u>	<u>Relationship with the Company</u>	<u>Amount</u>	<u>Aging</u>	<u>Proportion of the total %</u>
First	Non-related relationship	18,049,888.81	Within 30 days	64.38%
Second	Non-related relationship	799,464.21	Within 30 days	2.85%
Third	Non-related relationship	760,950.00	1-3 years	2.71%
Fourth	Non-related relationship	647,025.08	Within 90 days	2.31%
Fifth	Non-related relationship	<u>502,168.31</u>	Within 90 days	<u>1.79%</u>
Total		<u>20,759,496.41</u>		<u>74.04%</u>

8. Inventory

(1) Category

<u>Item</u>	<u>30 June 2013</u>			<u>31 Dec 2012</u>		
	<u>Book balance</u>	<u>Impairment of inventories</u>	<u>Book value</u>	<u>Book balance</u>	<u>Impairment of inventories</u>	<u>Book value</u>
Raw materials	118,538,813.16	28,093,949.94	90,444,863.22	134,790,681.50	27,281,627.75	107,509,053.75
Construction contract assets	14,997,433.02	0.00	14,997,433.02	17,675,815.86	0.00	17,675,815.86
Inventory goods	23,376,829.82	3,180,857.92	20,195,971.90	32,408,148.84	3,180,857.92	29,227,290.92
Turnover material	89,139,665.85	6,173,142.61	82,966,523.24	88,076,699.41	5,639,330.18	82,437,369.23
Consumable biological assets	3,406,176.41	0.00	3,406,176.41	3,216,710.88	0.00	3,216,710.88
Self-made semi-finished product	<u>996,369.94</u>	<u>0.00</u>	<u>996,369.94</u>	<u>2,512,650.90</u>	<u>0.00</u>	<u>2,512,650.90</u>
Finished product	<u>250,455,288.20</u>	<u>37,447,950.47</u>	<u>213,007,337.73</u>	<u>278,680,707.39</u>	<u>36,101,815.85</u>	<u>242,578,891.54</u>

(2) Impairment of inventories

<u>Item</u>	<u>31 Dec 2012</u>	<u>Increase in the reporting period</u>	<u>Reversal in the reporting period</u>	<u>Written off in the reporting period</u>	<u>30 June 2013</u>	<u>Current reversal amount representing the ratio of the closing balance of inventories %</u>
Raw materials	27,281,627.75	2,564,322.19	0.00	1,752,000.00	28,093,949.94	0.00%

Self-made semi-finished product	3,180,857.92	0.00	0.00	0.00	3,180,857.92	0.00%
Finished product	<u>5,639,330.18</u>	<u>533,812.43</u>	<u>0.00</u>	<u>0.00</u>	<u>6,173,142.61</u>	<u>0.00%</u>
Total	<u>36,101,815.85</u>	<u>3,098,134.62</u>	<u>0.00</u>	<u>1,752,000.00</u>	<u>37,447,950.47</u>	<u>0.00%</u>

9. Due within one year of non-current assets

<u>Item</u>	<u>30 June 2013</u>	<u>31 Dec 2012</u>
Due within one year of long-term receivables - Installment transferred assets	236,478.72	2,442,481.41
Including: Due within one year of Long-term receivables for bad debts	<u>7,559.90</u>	<u>7,721.47</u>
Total	<u>228,918.82</u>	<u>2,434,759.94</u>

10. Other current assets

<u>Item</u>	<u>30 June 2013</u>	<u>31 Dec 2012</u>
Financial products	70,000,000.00	0.00
Total	<u>70,000,000.00</u>	<u>0.00</u>

11. Long-term accounts receivable

<u>Item</u>	<u>30 June 2013</u>			<u>31 Dec 2012</u>		
	<u>Amount</u>	<u>bad-debt provision</u>	<u>Book value</u>	<u>Amount</u>	<u>bad-debt provision</u>	<u>Book value</u>
Installment transferred assets	723,370.84	0.00	723,370.84	3,883,551.22	4,581.59	3,878,969.63
Including: unrealized financing gains	<u>202,516.90</u>	<u>0.00</u>	<u>202,516.90</u>	<u>508,023.30</u>	<u>0.00</u>	<u>508,023.30</u>
Total	<u>520,853.94</u>	<u>0.00</u>	<u>520,853.94</u>	<u>3,375,527.92</u>	<u>4,581.59</u>	<u>3,370,946.33</u>

12. Long-term equity investment

(1) List of long-term equity investment

<u>Item</u>	<u>31 Dec 2012</u>	<u>Increase/decrease</u>	<u>30 June 2013</u>	<u>Impairment provision</u>	<u>Withdrawn impairment provision in the reporting period</u>
Long-term equity investment counting by cost method Xiamen Institute of Foreign Investment Enterprise	<u>40,000.00</u>	<u>0.00</u>	<u>40,000.00</u>	<u>0.00</u>	<u>0.00</u>
Total	<u>40,000.00</u>	<u>0.00</u>	<u>40,000.00</u>	<u>0.00</u>	<u>0.00</u>

Continued:

<u>Investee</u>	<u>Initial investment cost</u>	<u>Share holding percentage in investee %</u>	<u>Voting percentage in investee %</u>	<u>Explanation for indifferences between the share holding percentage and voting percentage in investee</u>	<u>Cash bonus in the reporting period</u>
Long-term equity investment counting by cost method Xiamen Institute of Foreign Investment Enterprise	<u>40,000.00</u>	<u>1.48%</u>	<u>1.48%</u>	<u>None</u>	<u>7,533.00</u>
	<u>40,000.00</u>	<u>1.48%</u>	<u>1.48%</u>		<u>7,533.00</u>

13. Investment property

(1) Investment property calculated by cost

Item	31 Dec 2012		<u>Increase in the reporting period</u>	<u>Decrease in the reporting period</u>	30 June 2013
I. Total original book value	<u>102,541,517.29</u>		<u>48,153,657.54</u>	<u>0.00</u>	<u>150,695,174.83</u>
1. Houses and buildings	93,643,129.72		33,459,026.60	0.00	127,102,156.32
2. Land use right	8,898,387.57		14,694,630.94	0.00	23,593,018.51
		<u>Increase in the reporting period</u>	<u>Withdrawn for the reporting period</u>		
II. Accumulated depreciation and amortization	<u>63,222,059.42</u>	<u>26,926,434.51</u>	<u>4,845,545.37</u>	<u>0.00</u>	<u>94,994,039.30</u>
1. Houses and buildings	60,016,205.39	20,989,100.68	4,591,165.05	0.00	85,596,471.12
2. Land use right	3,205,854.03	5,937,333.83	254,380.32	0.00	9,397,568.18
III. Book value of investment property	<u>39,319,457.87</u>				<u>55,701,135.53</u>
1. Houses and buildings	33,626,924.33				41,505,685.20
2. Land use right	5,692,533.54				14,195,450.33
IV. Accumulated impairment provision of investment property	<u>0.00</u>		<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
1. Houses and buildings	0.00		0.00	0.00	0.00
2. Land use right	0.00		0.00	0.00	0.00
V. Book value of investment property	<u>39,319,457.87</u>				<u>55,701,135.53</u>
1. Houses and buildings	33,626,924.33				41,505,685.20
2. Land use right	5,692,533.54				14,195,450.33

(2) The amount of depreciation and amortization withdrawn for investing real estate is RMB 4,845,545.37 for the reporting period.

14. Fixed assets

(1) Fixed assets details

Item	31 Dec 2012		<u>Increase in the reporting period</u>	<u>Decrease in the reporting period</u>	30 June 2013
I. Total original book value	<u>1,808,631,955.28</u>		<u>19,012,475.38</u>	<u>63,692,030.09</u>	<u>1,763,952,400.57</u>
Including: Houses and buildings	122,047,551.41		30,005.59	33,723,477.52	88,354,079.48
Machineries	252,273,276.23		4,794,997.28	8,723,770.30	248,344,503.21
Vehicles	1,344,871,852.80		13,670,811.67	18,936,878.11	1,339,605,786.36
Electronics, module and others	23,177,448.39		174,256.46	1,467,904.16	21,883,800.69
Improvement expense of fixed assets	66,261,826.45		342,404.38	840,000.00	65,764,230.83

		<u>Increase in the reporting period</u>	<u>Charge for the period</u>			
--						
II.	Accumulated depreciation	<u>1,534,738,610.56</u>	<u>0.00</u>	<u>26,512,928.25</u>	<u>47,780,571.03</u>	<u>1,513,470,967.78</u>
	Including: Houses and buildings	56,595,360.60	0.00	1,184,637.99	21,737,814.70	36,042,183.88
	Machineries	179,557,657.50	0.00	4,136,500.56	6,765,284.40	176,928,873.66
	Vehicles	1,237,443,693.65	0.00	17,293,558.43	17,298,835.16	1,237,438,416.93
	Electronics, module and others	22,215,413.55	0.00	168,310.73	1,540,578.08	20,843,146.20
	Improvement expense of fixed assets	38,926,485.26	0.00	3,729,920.54	438,058.69	42,218,347.11
--						
III.	The net book value of fixed assets	<u>273,893,344.72</u>		<u>0.00</u>	<u>0.00</u>	<u>250,481,432.79</u>
	Including: Houses and buildings	65,452,190.81				52,311,895.60
	Machineries	72,715,618.73				71,415,629.55
	Vehicles	107,428,159.15				102,167,369.43
	Electronics, module and others	962,034.84				1,040,654.49
	Improvement expense of fixed assets	27,335,341.19				23,545,883.72
IV.	Total impairment provision	<u>54,519,287.18</u>		<u>0.00</u>	<u>1,295,665.12</u>	<u>53,223,622.06</u>
	Including: Houses and buildings	0.00		0.00	0.00	0.00
	Machineries	27,306,896.91		0.00	780,975.54	26,525,921.37
	Vehicles	25,884,535.93		0.00	514,689.58	25,369,846.35
	Electronics, module and others	9,363.36		0.00	0.00	9,363.36
	Improvement expense of fixed assets	1,318,490.98		0.00	0.00	1,318,490.98
V.	Total book value of fixed assets	<u>219,374,057.54</u>				<u>197,257,810.73</u>
	Including: Houses and buildings	65,452,190.81				52,311,895.60
	Machineries	45,408,721.82				44,889,708.18
	Vehicles	81,543,623.22				76,797,523.08
	Electronics, module and others	952,671.48				1,031,291.13
	Improvement expense of fixed assets	26,016,850.21				22,227,392.74

(2) In the accumulated increasing depreciation of fixed assets, the amount of the charge in the reporting period is RMB 26,512,928.25.

(3) The amount of fixed assets transferred from the construction in progress which has completed in the reporting period is RMB 1,985,142.26.

(4) Temporary idle fixed assets

Item	<u>Original book value</u>	<u>Accrued depreciation</u>	<u>Impairment provision</u>	<u>Net book value</u>	<u>Expected when to put into use</u>
Machineries	87,133,868.75	55,014,902.99	26,410,209.99	5,708,755.77	Jan 2014
Vehicles	35,855,456.72	23,756,684.19	12,006,200.71	92,571.82	Jan 2014
Electronics, module and others	442,924.56	433,918.08	9,006.48	0.00	Jan 2014
Improvement expense of fixed assets	<u>769,902.33</u>	<u>224,544.83</u>	<u>511,627.96</u>	<u>33,729.54</u>	Jan 2014
Total	<u>124,202,152.36</u>	<u>79,430,050.09</u>	<u>38,937,045.14</u>	<u>5,835,057.13</u>	

(5) Hold-for-sale fixed assets in the reporting period.

Applicable Inapplicable

(6) Fixed assets leased in from financing lease

Applicable Inapplicable

(7) Lists of fixed assets leased out from operation lease

<u>Item</u>	<u>Original book value</u>	<u>Accrued depreciation</u>	<u>Impairment provision</u>	<u>Net book value</u>
Machineries	1,294,781.88	82,039.00	0.00	1,212,742.88
Electronics, module and others	21,595.97	11,062.69	0.00	10,533.28
Vehicles	0.00	0.00	0.00	0.00
Improvement expense of fixed assets	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total	<u>1,316,377.85</u>	<u>93,101.69</u>	<u>0.00</u>	<u>1,223,276.16</u>

(8) Information of fixed assets failed to accomplish certification of property

Applicable Inapplicable

<u>Item</u>	<u>Original book value</u>	<u>Accrued depreciation</u>	<u>Impairment provision</u>	<u>Net book value</u>
Elite Garden	835,324.09	236,047.05	0.00	599,277.04
Three Village Green Garden Villa	<u>11,006,702.37</u>	<u>6,741,874.58</u>	<u>0.00</u>	<u>4,264,827.79</u>
Total	<u>11,842,026.46</u>	<u>6,977,921.63</u>	<u>0.00</u>	<u>4,864,104.83</u>

(9) Information of fixed assets for security guarantees at period-end

□Applicable √Inapplicable

15. Construction in progress

(1) information of construction in progress

Item	30 June 2013		31 Dec 2012			
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Modules work in progress	928,027.79	0.00	928,027.79	758,631.32	0.00	758,631.32
New plant construction	7,097,523.10	0.00	7,097,523.10	6,335,802.10	0.00	6,335,802.10
Plant reconstruction project	0.00	0.00	0.00	0.00	0.00	0.00
Total	<u>8,025,550.89</u>	<u>0.00</u>	<u>8,025,550.89</u>	<u>7,094,433.42</u>	<u>0.00</u>	<u>7,094,433.42</u>

(2) Changes in significant construction in progress

Item	Budget	31 Dec 2012	Increase in reporting period	Transferred to fixed assets	Other decrease	30 June 2013
Modules work in progress	4,551,367.00	758,631.32	1,522,978.51	1,291,943.59	61,638.45	928,027.79
New plant construction	1,178,161.90	0.00	631,461.90	578,161.90	53,300.00	0.00
Plant reconstruction project	<u>17,310,628.50</u>	<u>6,335,802.10</u>	<u>876,757.77</u>	<u>115,036.77</u>	<u>0.00</u>	<u>7,097,523.10</u>
Total	<u>23,040,157.40</u>	<u>7,094,433.42</u>	<u>3,031,198.18</u>	<u>1,985,142.26</u>	<u>114,938.45</u>	<u>8,025,550.89</u>

Continued:

Item	Project input percentage of budget (%)	Project process	Capitalization of interest	Including: capitalization of interest this period	Capitalization of interest rate (%)	Source of funding
Modules work in progress	50.13%	Partly completed	0.00	0.00	0.00%	Self-owned
New plant construction	53.60%	Partly completed	0.00	0.00	0.00%	Self-owned
Plant reconstruction project	<u>41.99%</u>	Partly completed	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>	Self-owned
Total			<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>	

16. Intangible assets

(1) Information

Item	31 Dec 2012	Increase in reporting period	Decrease in reporting period	30 June 2013
I. Total original book value	<u>45,671,934.23</u>	<u>1,173,221.26</u>	<u>14,694,630.94</u>	<u>32,150,524.55</u>
Land use rights	32,022,668.54	1,173,221.26	14,694,630.94	18,501,258.86
Software of information system	13,649,265.69	0.00	0.00	13,649,265.69
II. Accumulative amortization	<u>20,210,148.07</u>	<u>794,379.54</u>	<u>5,880,658.25</u>	<u>15,123,869.36</u>
Land use rights	8,191,036.31	214,710.38	5,880,658.25	2,525,088.44
Software of information system	12,019,111.76	579,669.16	0.00	12,598,780.92

III. Total net book value of intangible assets	<u>25,461,786.16</u>			<u>17,026,655.19</u>
Land use rights	23,831,632.23			15,976,170.42
Software of information system	1,630,153.93			1,050,484.77
IV. Total impairment provision	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Land use rights	0.00	0.00	0.00	0.00
Software of information system	0.00	0.00	0.00	0.00
Total book value of intangible assets	<u>25,461,786.16</u>			<u>17,026,655.19</u>
Land use rights	23,831,632.23			15,976,170.42
Software of information system	1,630,153.93			1,050,484.77

(2) Amortization was of RMB 794,379.54 in reporting period.

(3) Total expenditure of R&D projects in the reporting period is RMB 30,687,843.84, which were all included in the current profits and losses.

17. Goodwill

<u>Name of investee or event that generated goodwill</u>	<u>31 Dec 2012</u>	<u>Increase in reporting period</u>	<u>Decrease in reporting period</u>	<u>30 June 2013</u>	<u>The final impairment loss</u>
Shanghai Ficense, Co., Ltd.	71,870.08	0.00	71,870.08	0.00	0.00
Dalian Startravel, Co., Ltd.	800,109.01	0.00	800,109.01	0.00	0.00
Xiamen shimmering star international travel service co., LTD	<u>125,000.00</u>	<u>0.00</u>	<u>125,000.00</u>	<u>0.00</u>	<u>0.00</u>
Totall	<u>996,979.09</u>	<u>0.00</u>	<u>996,979.09</u>	<u>0.00</u>	<u>0.00</u>

18. Long-term amortization expense

<u>Item</u>	<u>31 Dec 2012</u>	<u>Increase in reporting period</u>	<u>Amortization in reporting period</u>	<u>30 June 2013</u>
Telecommunications engineering	1,135,999.96	0.00	142,000.02	993,999.94
Houses and buildings renovation expenses	4,788,345.00	172,000.00	793,670.46	4,166,674.54
Landscape engineering	80,744.04	0.00	16,149.00	64,595.04
Others	<u>147,454.07</u>	<u>64,698.39</u>	<u>0.00</u>	<u>212,152.46</u>
Total	<u>6,152,543.07</u>	<u>236,698.39</u>	<u>951,819.48</u>	<u>5,437,421.98</u>

19. Deferred income tax assets and deferred income tax liabilities

(1) Deferred income tax assets and deferred income tax liabilities are not listed as the net value after offset

Applicable Inapplicable

<u>Item</u>	<u>30 June 2013</u>	<u>31 Dec 2012</u>
Deferred income tax assets		
Provision for assets impairment	13,408,537.20	13,312,791.54
accrued expenses	1,382,130.03	1,752,809.23
trading financial liabilities		54,488.29

accrued liabilities	2,721.33	2,850.48
accrued liabilities	3,223,429.46	3,876,039.86
undistributed deficit	906,158.24	
Unrealized profits from intra-group transactions	<u>74,406.25</u>	<u>74,406.25</u>
Subtotal	<u>18,997,382.51</u>	<u>19,073,385.65</u>
Deferred income tax liabilities:		
trading financial assets	1,047,894.61	0.00
depreciation of fixed assets	<u>81,453.52</u>	<u>44,686.69</u>
Total	<u>1,129,348.13</u>	<u>44,686.69</u>

(2) List of unrecognized deferred income tax assets

<u>Item</u>	<u>30 June 2013</u>	<u>31 Dec 2012</u>
Impairment of fixed assets	2,130,762.20	2,130,762.20
Provision for bad debts	105,860.04	89,878.01
Accrued expenses	4,699,486.84	1,935,174.08
Provision for inventories	592,986.59	397,923.66
Damage can be remedied	14,423,515.89	16,657,993.05
Accrued payroll	306,691.55	224,443.34
Impairment of long-term investment	<u>32,661,635.73</u>	<u>32,661,635.73</u>
Total	<u>54,920,938.84</u>	<u>54,097,810.07</u>

(3) Unrecognized deferred income tax assets will be deductible losses expire the following year

<u>Years</u>	<u>30 June 2013</u>	<u>31 Dec 2012</u>
2013	0.00	11,867,632.29
2014	7,007,422.53	7,007,422.53
2015	5,018,318.69	5,151,692.12
2016	15,060,412.43	18,276,746.93
2017	18,131,033.36	24,328,478.25
2018	<u>12,476,876.49</u>	<u>0.00</u>
Total	<u>57,694,063.50</u>	<u>66,631,972.12</u>

(4) Assets which caused temporary differences or corresponding liabilities for temporary differences at period-end

<u>Item</u>	<u>The amount of the deductible temporary differences</u>	<u>The amount of the taxable temporary differences</u>
Impairment of fixed assets	44,021,715.68	0.00
Provision for inventories	35,076,004.14	0.00
Provision for bad debts	9,354,663.82	0.00
Accrued expenses	9,186,886.87	0.00
Accrued payroll	21,472,232.95	0.00
Losses could be made up	6,041,054.93	0.00
Internal purchasing unrealized profits	297,625.00	0.00
Accrued liabilities	16,410.21	0.00
Depreciation of fixed assets	0.00	325,814.08
Trading financial assets	<u>0.00</u>	<u>6,985,964.05</u>
Total	<u>125,466,593.60</u>	<u>7,311,778.13</u>

20. List of provision for assets impairment

<u>Item</u>	<u>31 Dec 2012</u>	<u>Increase in reporting period</u>	<u>Decrease in reporting period</u>		<u>30 June 2013</u>
			<u>Reversal</u>	<u>Written-off</u>	
Provision for bad debts	8,346,089.21	1,516,757.94	72,666.20	12,076.95	9,778,104.00
Provision for inventories	36,101,815.85	3,098,134.62	0.00	1,752,000.00	37,447,950.47
Impairment of fixed assets	54,519,287.18	0.00	0.00	1,295,665.12	53,223,622.06
Impairment of goodwill	<u>996,979.09</u>	<u>0.00</u>	<u>0.00</u>	<u>996,979.09</u>	<u>0.00</u>
Total	<u>99,964,171.33</u>	<u>4,614,892.56</u>	<u>72,666.20</u>	<u>4,056,721.16</u>	<u>100,449,676.53</u>

21. Short-term loan

(1) Category

<u>Item</u>	<u>30 June 2013</u>	<u>31 Dec 2012</u>
fiduciary loan	<u>208,305,912.00</u>	<u>31,427,500.00</u>
Total	<u>208,305,912.00</u>	<u>31,427,500.00</u>

22. Trading financial liabilities

(1) Category

<u>Item</u>	<u>30 June 2013</u>	<u>31 Dec 2012</u>
Derivative financial liabilities	<u>0.00</u>	<u>363,255.25</u>
Total	<u>0.00</u>	<u>363,255.25</u>

23. Notes payable

<u>Item</u>	<u>30 June 2013</u>	<u>31 Dec 2012</u>
Trade acceptance bill	<u>54,311,862.79</u>	<u>70,851,519.07</u>
Total	<u>54,311,862.79</u>	<u>70,851,519.07</u>

24. Accounts payable

(1) Information

<u>Aging</u>	<u>30 June 2013</u>	<u>31 Dec 2012</u>
Within 1 year	417,983,293.24	638,464,227.60
Over 1 years	<u>7,418,135.86</u>	<u>9,366,811.13</u>
Total	<u>425,401,429.10</u>	<u>647,831,038.73</u>

(2) The accounts payable to shareholders with more than 5% (including 5%) of the voting shares of the Company

Applicable Inapplicable

<u>Name of entity</u>	<u>Proceeds content</u>	<u>30 June 2013</u>	<u>31 Dec 2012</u>
STAR COMGISTIC CAPITAL CO., LTD.	For materials	<u>491,093.09</u>	<u>1,892,677.06</u>
Total		<u>491,093.09</u>	<u>1,892,677.06</u>

(3) Notes of the accounts payable aging over one year:

<u>Name of entity</u>	<u>The amount owed</u>	<u>Aging</u>	<u>Reason for unsettlement</u>	<u>Paid back after Balance Sheet Day amount</u>
Xinda ELECTRIC MOTOR CO., LTD	3,091,636.18	1 to 3 years	Litigation unsettlement	0.00
Ningbo Jethro electric appliance co., LTD	982,464.67	2 to 3 years	Temporary unsettlement	0.00
Ningbo Chaochao Electrical Appliance Co., Ltd.	500,237.01	2 to 3 years	Temporary unsettlement	0.00
Zhangzhou Yongxing Hechi Plastics Co., Ltd.	250,000.00	2 to 3 years	Guarantee Money	0.00
Longhai Huaning Metal Products Co., Ltd.	<u>226,055.72</u>	2 to 3 years	Guarantee Money	0.00
Total	<u>4,074,100.85</u>			0.00

(4) In payable accounts, the list of the accounts of payable related party in reporting period

<u>Name of entity</u>	<u>Proceeds content</u>	<u>30 June 2013</u>	<u>31 Dec 2012</u>
STAR COMGISTIC CAPITAL CO., LTD.	Material procurement	491,093.09	1,892,677.06
Thermaster Electronic (Xiamen) Ltd.	Material procurement	<u>9,189,924.17</u>	<u>11,110,626.59</u>
Total		<u>9,681,017.26</u>	<u>13,003,303.65</u>

25. Advance from customers

(1) Information

<u>Aging</u>	<u>30 June 2013</u>	<u>31 Dec 2012</u>
Within 1 year	21,890,049.43	10,541,326.03
Over 1 year	<u>4,629,296.73</u>	<u>1,947,124.30</u>
Total	<u>26,519,346.16</u>	<u>12,488,450.33</u>

(2) Notes of significant advance from customers aging over one year

<u>Name of entity</u>	<u>Advance amount</u>	<u>Aging</u>	<u>Reason for unsettlement</u>
Sunbeam Corporation Limited	653,429.02	1 to 2 years	Temporary unsettled
PT.COSMOTECHNOLOGY	529,002.75	1 to 2 years	Temporary unsettled
LIYA	484,249.82	1 to 2 years	Temporary unsettled
Conair Corporation	881,254.69	1 to 2 years	Temporary unsettled
SEB ASIA LTD	<u>374,090.14</u>	1 to 2 years	Temporary unsettled
Total	<u>2,922,026.42</u>		

26. Payroll payable

<u>Item</u>	<u>31 Dec 2012</u>	<u>Increase in reporting period</u>	<u>Paid during the period</u>	<u>30 June 2013</u>
Salary, bonus, allowance, subsidy	27,238,826.19	97,231,541.11	101,517,863.98	22,952,503.32
Employee welfare	0.00	3,622,994.84	2,628,030.62	994,964.22
ISocial insurance	2,562,674.86	7,346,691.90	9,703,618.37	205,748.39
Including Medical insurance	36,451.72	2,314,514.34	2,328,540.94	22,425.12

Basic endowment insurance	2,263,735.48	3,539,430.97	5,640,888.28	162,278.17
Annuity payment	0.00	0.00	0.00	0.00
Unemployment insurance expense	252,986.23	428,724.89	670,653.72	11,057.40
Employment injury insurance	6,296.15	598,817.35	598,590.31	6,523.19
Maternity insurance	3,205.28	465,204.35	464,945.12	3,464.51
Housing fund	8,641,996.20	2,815,205.00	2,436,527.42	9,020,673.78
Labour union fee and employee education fee	0.00	0.00	0.00	0.00
Non-monetary welfare	0.00	1,050.00	1,050.00	0.00
Redundancy compensation	1,673,121.44	1,304,178.40	2,692,038.85	285,260.99
Other	<u>0.00</u>	<u>21,222.00</u>	<u>12,682.00</u>	<u>8,540.00</u>
Total	<u>40,116,618.69</u>	<u>112,342,883.25</u>	<u>118,991,811.24</u>	<u>33,467,690.70</u>

No any amount in arrears in the payroll payable.

The closing balance of payroll payable is provision for salary and bonus on of June 2013, and year-end bonus would be released in 2014.

27. Taxes payable

<u>Taxes kind</u>	<u>30 June 2013</u>	<u>31 Dec 2012</u>
Business tax	713,303.70	752,725.14
Corporate income tax	-1,636,875.43	8,951,307.39
VAT	-26,696,131.29	-36,856,195.70
Personal income tax	477,508.00	445,840.37
Education surtax	67,450.00	682,043.99
Urban maintenance and construction tax	44,932.12	623,987.38
building taxes	913,952.75	580,141.06
Others	<u>1,191,856.09</u>	<u>982,410.52</u>
Total	<u>-24,924,004.06</u>	<u>-23,837,739.85</u>

28. Interest payable

<u>Item</u>	<u>30 June 2013</u>	<u>31 Dec 2012</u>
Interest payable on short-term borrowings	<u>0.00</u>	<u>6,324.78</u>
Total	<u>0.00</u>	<u>6,324.78</u>

29. Other accounts payable

(1) Aging analysis accounts

<u>Aging</u>	<u>30 June 2013</u>	<u>30 June 2013</u>
Within 1 year	222,648,223.21	43,050,264.26
Over 1 year	<u>9,554,304.74</u>	<u>10,385,421.15</u>
Total	<u>232,202,527.95</u>	<u>53,435,685.41</u>

(2) Notes of the other large amount accounts payable aging over 1 year

<u>Name of entity</u>	<u>Owned amount</u>	<u>Aging</u>	<u>Reason for unsettlement</u>	<u>资产负债表日后偿还 Amount</u>
Xiamen Tsann Kuen Trading Co., Ltd	1,468,311.95	1 to 2 years	Margin	0.00
Fujian Province Zhangzhou SIGMA Metal, INC	800,000.00	1 to 4 years	Margin	0.00
Zhangzhou Huadaxin Metal Co., Ltd.	716,500.00	1 to 4 years	Margin	0.00
Xiamen Hexing Packaging Printing Co., Ltd.	348,720.00	1 to 4 years	Margin	0.00
Zhangzhou Jiafeng Ruichuang Electrics Co., Ltd.	<u>330,000.00</u>	1 to 3 years	Margin	<u>0.00</u>
Total	<u>3,663,531.95</u>			<u>0.00</u>

(3) Other accounts payable from shareholders with more than 5% (including 5%) of the voting shares of the Company

<u>Name of entity</u>	<u>Proceeds content</u>	<u>30 June 2013</u>	<u>31 Dec 2012</u>
Fullman Investments Ltd.	Money lending	37,072,200.00	0.00
Sinoglobal Development Limited	Money lending	61,787,000.00	0.00
EUPA Industry Corporation Limited	Money lending	58,079,780.00	0.00
STAR COMGISTIC CAPITAL CO., LTD	Agency fees	<u>70,589.36</u>	<u>379,984.25</u>
Total		<u>157,009,569.36</u>	<u>379,984.25</u>

(4) Notes of the other payable accounts of related payable party in reporting period

<u>Name of entity</u>	<u>Proceeds content</u>	<u>30 June 2013</u>	<u>31 Dec 2012</u>
American CANKUN CO., LTD	After sales service	0.00	127,099.16
Tsann Kuen Japan Co., Ltd.	reimbursed expenses	623,105.87	715,594.51
Thermaster Electronic (Xiamen) Ltd.	material purchase	0.00	22,500.00
STAR TRAVEL SERVICE CORP.	Accept service	0.00	35,160.52
Xiamen Tsann Kuen Trading Co., Ltd	The rent deposit and the rent in advance	2,218,311.95	2,993,692.00
STAR COMGISTIC CAPITAL CO., LTD	Agency fees	70,589.36	379,984.25
Fillman Investment Limited	Money lending	37,072,200.00	0.00
Fordchee Development Limited	Money lending	61,787,000.00	0.00
EUPA Industry Corporation Limited	Money lending	58,079,780.00	0.00
PT.TSANNKUEN INDONESIA	equipment purchase	<u>6,862.93</u>	<u>0.00</u>
Total		<u>159,857,850.11</u>	<u>4,274,030.44</u>

30. 预计负债

<u>Item</u>	<u>31 Dec 2012</u>	<u>Increase in reporting period</u>	<u>Decrease in reporting period</u>	<u>30 June 2013</u>
employee welfare	<u>11,401.92</u>	<u>5,008.29</u>	<u>0.00</u>	<u>16,410.21</u>
Total	<u>11,401.92</u>	<u>5,008.29</u>	<u>0.00</u>	<u>16,410.21</u>

31. Other Non-current liabilities

<u>Item</u>	<u>30 June 2013</u>	<u>31 Dec 2012</u>
Vocational education subsidies	<u>222,600.00</u>	<u>222,600.00</u>
Total	<u>222,600.00</u>	<u>222,600.00</u>

32. capital stock

Unit: Share

<u>Item</u>	<u>31 Dec 2012</u>	<u>Allotment</u>	<u>Bonus Amount</u>	<u>Increase/Decrease</u>			<u>Subtotal</u>	<u>30 June 2013</u>
				<u>Conversion Fund</u>	<u>Additional</u>	<u>Others</u>		
I、 Not Listed shares								
Including: National holdings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Domestic legal person shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Overseas legal person shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Others	0.00	0.00		0.00	0.00	0.00	0.00	0.00
Total of not listed shares	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
II、 Listed shares								
1.Domestically listed RMB ordinary shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.Domestically listed foreign shares	185,391,680.00	0.00	0.00	0.00	0.00	0.00	0.00	185,391,680.00
3.Overseas listed foreign shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total of listed shares	<u>185,391,680.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>185,391,680.00</u>
III、 Sum of shares	<u>185,391,680.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>185,391,680.00</u>

33. Capital reserves

<u>Item</u>	<u>31 Dec 2012</u>	<u>Increase in reporting period</u>	<u>Decrease in reporting period</u>	<u>30 June 2013</u>
Capital premium (share capital premium)	210,045,659.80	0.00	0.00	210,045,659.80
Other capital reserves	<u>68,408,787.27</u>	<u>0.00</u>	<u>0.00</u>	<u>68,408,787.27</u>
Total	<u>278,454,447.07</u>	<u>0.00</u>	<u>0.00</u>	<u>278,454,447.07</u>

34. Surplus reserves

<u>Category</u>	<u>31 Dec 2012</u>	<u>Increase in this year</u>	<u>Decrease in this year</u>	<u>30 June 2013</u>
Reserve fund	1,776,941.05	0.00	0.00	1,776,941.05
Others	<u>4,343,260.77</u>	<u>0.00</u>	<u>0.00</u>	<u>4,343,260.77</u>
Total	<u>6,120,201.82</u>	<u>0.00</u>	<u>0.00</u>	<u>6,120,201.82</u>

35. Retained profits

<u>Item</u>	<u>30 June 2013</u>	<u>31 Dec 2012</u>
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Opening balance of retained profits before adjustments	20,797,991.70	-773,499,943.43
Adjustments of opening balance of retained profits	0.00	0.00
Opening balance of retained profits after adjustments	20,797,991.70	-773,499,943.43
Add: Net profit attributable to owners of the Company	10,425,680.85	21,459,739.95
Surplus reserves make up losses	0.00	774,615,136.23
Less: Withdrawal of statutory surplus reserves	0.00	1,776,941.05
Withdrawal of discretionary surplus reserves	0.00	0.00
Withdrawal of provision for general risk	0.00	0.00
Dividend of common stock payable	15,758,292.80	0.00
Dividend of common stock converted into share capital	<u>0.00</u>	<u>0.00</u>
Closing retained profits	<u>15,465,379.75</u>	<u>20,797,991.70</u>

36. Revenue and Cost of Sales

(1) Revenue and Cost of Sales

<u>Item</u>	<u>Current overall tally</u>	<u>Accumulated last year</u>
Sales of main business	845,775,086.33	1,044,642,038.16
Other operating income	32,069,121.47	24,441,450.33
Total	<u>877,844,207.80</u>	<u>1,069,083,488.49</u>
Cost of main business	752,449,378.64	949,590,779.03
Cost of other operating income	<u>10,213,392.99</u>	<u>7,483,443.01</u>
Total	<u>762,662,771.63</u>	<u>957,074,222.04</u>

(2) Main business (Classified by industry)

<u>Item</u>	<u>Current overall tally</u>		<u>Accumulated last year</u>	
	<u>Operating income</u>	<u>Operating costs</u>	<u>Operating income</u>	<u>Operating costs</u>
Catering and Cooking	488,925,179.51	429,741,895.84	582,393,490.23	535,280,111.34
Home helper	223,417,870.62	208,838,462.09	261,169,345.25	239,323,135.82
Tea/Coffee	78,725,449.38	70,039,397.60	108,701,447.51	95,297,668.22
Others	<u>54,706,586.82</u>	<u>43,829,623.11</u>	<u>92,377,755.17</u>	<u>79,689,863.65</u>
Total	<u>845,775,086.33</u>	<u>752,449,378.64</u>	<u>1,044,642,038.16</u>	<u>949,590,779.03</u>

(3) Main business (Classified by area)

<u>Item</u>	<u>Current overall tally</u>		<u>Accumulated last year</u>	
	<u>Operating income</u>	<u>Operating costs</u>	<u>Operating income</u>	<u>Operating costs</u>
Australia	57,303,433.44	51,450,875.04	62,458,640.05	57,354,131.32
Africa	10,842,700.35	9,273,579.96	12,780,284.07	10,636,560.87
America	306,490,146.35	272,173,119.01	382,338,083.85	353,665,878.59
Europe	194,967,224.92	169,559,595.38	202,912,779.50	179,678,435.66
Asia	<u>276,171,581.27</u>	<u>249,992,209.25</u>	<u>384,152,250.69</u>	<u>348,255,772.59</u>
Total	<u>845,775,086.33</u>	<u>752,449,378.64</u>	<u>1,044,642,038.16</u>	<u>949,590,779.03</u>

(1) The revenue of sales from the top five customers

<u>Customer</u>	<u>Operating income</u>	<u>占公司全部 Operating income 的 Proportion (%)</u>
First	118,650,453.62	13.52%
Second	109,517,294.40	12.48%
Third	56,502,474.11	6.44%
Fourth	48,720,139.98	5.55%
Fifth	39,971,897.21	4.55%
Total	<u>373,362,259.32</u>	<u>42.54%</u>

37. Business tax and surtax

<u>Item</u>	<u>Current overall tally</u>	<u>Accumulated last year</u>
Business tax	1,475,556.78	1,682,165.45
Education surtax	93,937.37	173,731.94
Urban maintenance and construction tax	108,671.50	88,101.27
Others	<u>0.00</u>	<u>2,200.74</u>
Total	<u>1,678,165.65</u>	<u>1,946,199.40</u>

38. Selling expenses

<u>Item</u>	<u>Current overall tally</u>	<u>Accumulated last year</u>
Export charges	17,122,067.99	18,671,576.44
Employee compensation	10,001,217.63	13,223,191.10
Contributory value	-1,109,288.29	9,133,457.93
Sales commission and after-sales service charges	1,338,558.81	1,367,655.56
Property lease fee	1,484,282.26	2,412,131.66
Travel expense	1,760,774.08	826,479.30
Advertising sales promotion cost	2,616,571.38	3,024,764.92
Office allowance	383,859.79	539,097.04
Traffic expense	416,778.45	550,451.70
Business entertainment	43,253.00	77,965.00
Repairs expense	33,842.83	417,973.89
Depreciation cost	63,073.94	98,165.55
Utility bills	42,896.87	90,005.63
Other expenses	<u>95,983.80</u>	<u>496,090.71</u>
Total	<u>34,293,872.54</u>	<u>50,929,006.43</u>

39. Administrative cost

<u>Item</u>	<u>Current overall tally</u>	<u>Accumulated last year</u>
R&D expenditure	30,687,843.84	35,058,310.24
Employee compensation	15,254,431.20	20,357,203.01
Amortization charges	6,536,462.17	6,367,552.02
Rental expense	8,516,499.93	14,372,106.52
Insurance expenses	593,301.54	1,066,747.47
Office allowance	2,812,130.24	2,299,218.65
Travel expense	1,076,864.78	2,426,999.11
Advisory fee	1,072,324.52	2,089,192.58
Repairs expense	2,836,636.89	1,526,054.51

Taxation expense	858,299.23	1,762,392.95
Business entertainment	112,704.89	368,457.62
Board of directors' expenses	398,897.78	402,784.87
Utility bills	708,700.75	960,728.66
Other expenses	<u>3,384,728.60</u>	<u>2,455,122.42</u>
Total	<u>74,849,826.36</u>	<u>91,512,870.63</u>

40. Financial expense

<u>Item</u>	<u>Current overall tally</u>	<u>Accumulated last year</u>
Interest expense	1,563,100.22	1,767,183.57
Less: Interest income	8,581,346.66	14,308,058.88
Less: Implemented financing income	972,346.12	706,488.20
Exchange gain or loss	10,699,858.51	168,456.42
Bank charges	<u>1,160,280.76</u>	<u>1,227,315.27</u>
Total	<u>3,869,546.71</u>	<u>-11,851,591.82</u>

41. Assets impairment loss

<u>Item</u>	<u>Current overall tally</u>	<u>Accumulated last year</u>
Bad debt loss	1,394,731.69	1,423,288.06
Loss on inventory valuation	<u>1,385,604.80</u>	<u>2,968,215.85</u>
Total	<u>2,780,336.49</u>	<u>4,391,503.91</u>

42. Gains and losses from changes in fair value

<u>Source</u>	<u>Current overall tally</u>	<u>Accumulated last year</u>
Trading financial assets	7,349,219.30	0.00
Including: gains from the changes in fair value of derivative financial assets	7,349,219.30	0.00
Trading financial liabilities	0.00	-7,195,643.08
Including: Derivative financial liabilities	<u>0.00</u>	<u>-7,195,643.08</u>
Total	<u>7,349,219.30</u>	<u>-7,195,643.08</u>

43. Investment income

(1) List of investment income

<u>Source</u>	<u>Current overall tally</u>	<u>Accumulated last year</u>
Trading financial assets	3,466,924.99	5,111,481.74
Investment income from disposal of subsidiaries	42,720.64	0.00
Other current assets-financial products	59,166.67	0.00
Others	<u>7,533.00</u>	<u>7,062.00</u>
Total	<u>3,576,345.30</u>	<u>5,118,543.74</u>

44. Non-operating gains

(1) Notes of non-operating gains

<u>Item</u>	<u>Current overall tally</u>	<u>Accumulated last year</u>
Total gains from disposal of non-current assets	1,765,239.78	1,667,049.84
Including: Gains from disposal of fixed assets	1,765,239.78	1,667,049.84
Government grants	2,430,845.00	434,095.56
Others	<u>513,588.23</u>	<u>610,429.92</u>
Total	<u>4,709,673.01</u>	<u>2,711,575.32</u>

(2) List of government grants

<u>Item</u>	<u>Current overall tally</u>	<u>Accumulated last year</u>	<u>Source unit</u>	<u>approval documents</u>
Subsidies for export letter guarantees	884,368.00	-258,946.44	Fujian Province Financial Bureau	China Exports & Credit Insurance Corporation Fujian Branch
Innovation grants for provincial innovative enterprise	100,000.00		Zhangzhou Province Financial Bureau	Zhangcaijiao [2012] No. 63
Provincial science and technology award		50,000.00	Zhangzhou Province Financial Bureau	Minzheng [2011] No.11
Special funds for patent	124,530.00	20,000.00	Zhangzhou Province Financial Bureau	Zhangzhi [2013] No.2, No.8
Subsidies for exhibition		8,400.00	Fujian Province Foreign Investment Service Center	ZS120101
Commodities export base developmental project subsidies	150,000.00		Zhangzhou Province Financial Bureau	Zhangzhou (ex) zhi [2013] No.7
Subsidies for increase of power consumption	171,947.00	405,692.00	Zhangzhou Province Financial Bureau	Zhangzhengfamingdian [2013] No.1
Free tuition for secondary school		208,950.00	Zhangzhou Province Financial Bureau	Mincaijiao [2011] No. 74
Subsidies for industrial design	<u>1,000,000.00</u>		Zhangzhou Province Financial Bureau	Zhangcaijiao [2012] No. 62
Total	<u>2,430,845.00</u>	<u>434,095.56</u>		

45. Non-operating expenses

<u>Item</u>	<u>Current overall tally</u>	<u>Accumulated last year</u>
Loss on disposal of non-current assets	157,115.25	1,125.22
Including: Loss on disposal of fixed assets	157,115.25	1,125.22
Losses on scrap of fixed assets	29,032.16	1,147,955.34
Penalty expense	17,053.57	100,025.25
Spending on public welfare donations	482,944.00	0.00
Others	<u>140,290.14</u>	<u>201,345.62</u>
Total	<u>826,435.12</u>	<u>1,450,451.43</u>

46. Income tax expense

<u>Item</u>	<u>Current overall tally</u>	<u>Accumulated last year</u>
Current income tax expenses	15,674.22	8,701.09
Deferred income tax charge	<u>1,123,768.60</u>	<u>150,000.28</u>
Total	<u>1,139,442.82</u>	<u>158,701.37</u>

47. Calculation procedure of basic earnings per share and diluted earnings per share

<u>Profits for the reporting period</u>	<u>Reporting period</u>		<u>Same period of last year</u>	
	<u>Basic EPS</u>	<u>Diluted EPS</u>	<u>Basic EPS</u>	<u>Diluted EPS</u>
Net profits attributable to ordinary	0.06	0.06	-0.10	-0.10
Net profits attributable to ordinary shareholders (excl. extraordinary gains or losses)	0.00	0.00	-0.10	-0.10

$$\text{Basic EPS} = P_0 \div S$$

$$S = S_0 + S_1 + S_i \times M_i \div M_0 - S_j \times M_j \div M_0 - S_k$$

Of which: P_0 refers to net profit attributable to shareholders holding ordinary shares or net profit attributable to shareholders holding ordinary shares after deducting non-recurring gains and losses; S refers to weighted average number of ordinary shares issued out; S_0 refers to total number of shares at the period-begin; S_1 refers to the number of shares increased due to transferring capital reserve into share capital or dividend distribution of shares during the reporting period; S_i refers to the number of shares increased due to issuance of new shares or debt for equity swap during the reporting period; S_j refers to the number of shares decreased due to stock repurchase during the reporting period; S_k refers to the number of split-share during the reporting period; M_0 refers to the number of months during the reporting period; M_i refers to the number of months from the next month to the end of the reporting period for increase of shares; M_j refers to the number of months from the next month to the end of the reporting period for decrease of shares.

Diluted EPS = $P_1 / (S_0 + S_1 + S_i \times M_i \div M_0 - S_j \times M_j \div M_0 - S_k + \text{weighted average amount of ordinary shares increased due to warrant, share options, convertible bonds, etc.})$

Of which, P_1 refers to net profit attributable to shareholders holding ordinary shares or net profit attributable to shareholders holding ordinary shares after deducting non-recurring gains and losses. The Company shall consider all influence on potential diluted interests of ordinary shares when the Company calculated diluted earnings per share, till to minimum diluted EPS.

48. Other comprehensive income

<u>Item</u>	<u>Current overall tally</u>	<u>Accumulated last period</u>
1. Profits/(losses) from available-for-sale financial assets	0.00	0.00
Less: Effects on income tax generating from available-for-sale financial assets	0.00	0.00
Net amount transferred into profit and loss in the current period that recognized into other comprehensive income in prior period	0.00	0.00
Subtotal	<u>0.00</u>	<u>0.00</u>
2. Interests in the investee entities' other comprehensive income as per equity method	0.00	0.00
Less: Effects on income tax generating from the interests in the investee entities' other comprehensive income as per equity method	0.00	0.00

Net amount transferred into profit and loss in the current period that recognized into other comprehensive income in prior period	0.00	0.00
Subtotal	<u>0.00</u>	<u>0.00</u>
3. Profits/(losses) from cash flow hedging instrument	0.00	0.00
Less: Effects on income tax generating from cash flow hedging instrument	0.00	0.00
Net amount transferred into profit and loss in the current period that recognized into other comprehensive income in prior period	0.00	0.00
The adjustment value that is the converted initial recognition amount of arbitrage project	0.00	0.00
Subtotal	<u>0.00</u>	<u>0.00</u>
4. Converted amount of foreign currency financial statements	2,635,820.49	1,349,983.16
Less: Net value of disposal of oversea operations that recognized into current profit and loss	0.00	0.00
Subtotal	<u>2,635,820.49</u>	<u>1,349,983.16</u>
5. Others	0.00	0.00
Less: Effects on income tax generating from the others that included into other comprehensive income	0.00	0.00
Net amount transferred into profit and loss in the current period that recognized into other comprehensive income in prior period	0.00	0.00
Subtotal	<u>0.00</u>	<u>0.00</u>
Total	<u>2,635,820.49</u>	<u>1,349,983.16</u>

49. Notes of Cash Flow Statement

(1) Other cash received relevant to operating activities

<u>Item</u>	<u>Current overall tally</u>	<u>Accumulated last year</u>
Deposit	4,653,300.00	1,319,819.35
Income from rental	21,208,425.02	14,094,642.07
Interest income	8,564,975.98	11,361,011.57
Government grants	2,430,845.00	1,143,604.00
Others	<u>14,294,440.27</u>	<u>12,655,584.13</u>
Total	<u>51,151,986.27</u>	<u>40,574,661.12</u>

(2) Other cash paid relevant to operating activities

<u>Item</u>	<u>Current overall tally</u>	<u>Accumulated last year</u>
Compensation for technological knowledge	0.00	3,725,389.14
Bank charges	1,160,280.76	1,227,315.27
Purchase and sales commission	2,360,610.76	784,654.73
Operation expenses and other items in administration expenses	89,833,794.41	173,266,336.33
Donate and others	<u>499,997.57</u>	<u>100,025.25</u>
Total	<u>93,854,683.50</u>	<u>179,103,720.72</u>

(3) Other cash received relevant to investment activities

<u>Item</u>	<u>Current overall tally</u>	<u>Accumulated last year</u>
Payment of investment in financial products	<u>70,000,000.00</u>	<u>0.00</u>
Total	<u>70,000,000.00</u>	<u>0.00</u>

(4) Other cash received relevant to financing activities

<u>Item</u>	<u>Current overall tally</u>	<u>Accumulated last year</u>
Money lending of related party	<u>158,789,800.00</u>	<u>244,582,470.90</u>
Total	<u>158,789,800.00</u>	<u>244,582,470.90</u>

(5) Other cash payments relating to financing activities

<u>Item</u>	<u>Current overall tally</u>	<u>Accumulated last year</u>
Cash paid for the combination of entities under common control	<u>0.00</u>	<u>39,811,905.00</u>
Money lending of related party	<u>0.00</u>	<u>125,561,715.00</u>
Total	<u>0.00</u>	<u>165,373,620.00</u>

50. Appendix of Cash Flow Statement

(1) Appendix of Cash Flow Statement

<u>Supplemental information</u>	<u>Current overall tally</u>	<u>Accumulated last year</u>
Reconciliation of net profit to net cash flows generated from operating activities		
Net profit	11,379,048.09	-25,893,398.92
Add: Provision for impairment of assets	2,780,336.49	4,391,503.91
Depreciation of fixed assets, of oil-gas assets, of productive biological assets	31,358,473.72	39,535,785.94
Amortization of intangible assets	794,379.54	1,163,945.14
Amortization of long-term deferred expense	951,819.48	1,291,742.90
Losses on disposal of property, plant and equipment, intangible assets and other long-term assets (gains: negative)	-1,608,124.53	-1,665,924.62
Loss on retirement of fixed assets (gains: negative)	29,032.16	1,147,955.34
Loss on fair value change (gains: negative)	-7,349,219.30	7,195,643.08
Financial cost (gains: negative)	12,852,007.01	1,229,151.79
Investment loss (gains: negative)	-3,533,624.66	-5,118,543.74
Decrease in deferred income tax assets (gains: negative)	76,003.14	150,000.28
Increase in deferred income tax liabilities (decrease: negative)	1,084,661.44	0.00
Decrease in inventory (gains: negative)	28,225,419.19	30,519,780.10

Decrease in accounts receivable from operating activities (gains: negative)	67,706,472.81	127,472,860.71
Increase in payables from operating activities (decrease: negative)	-208,183,230.06	-227,986,101.28
Net cash flows generated from operating activities	-63,436,545.48	-46,565,599.37
Investing and financing activities that do not involving cash receipts and payment:		
Conversion of debt into capital		
Net increase in cash and cash equivalents		
Closing balance of cash	920,204,606.38	1,030,890,983.86
Less: Opening balance of cash	<u>759,361,575.52</u>	<u>706,132,122.10</u>
Net increase in cash and cash equivalents	<u>160,843,030.86</u>	<u>324,758,861.76</u>

(2) Information about acquisition or disposal of subsidiary and other business units in the reporting period

Supplementary Information	Occurred in reporting period	Occurred in same period of last year
I. Information about acquisition of subsidiaries and other business units:	--	--
1. Price of the acquisition of subsidiaries and other business units		39,811,905.00
2. Cash and cash equivalents paid for the acquisition of subsidiaries and other business units		
Less: Cash and cash equivalents held by subsidiaries and other business units		8,650,355.33
3. Net cash paid for the acquisition of subsidiaries and other business units		31,161,549.67
4. Net assets from the acquisition of subsidiaries		29,819,283.95
Current assets		39,018,387.19
Non-current assets		51,997,367.76
Current liabilities		61,151,346.28
None current liabilities		45,124.72
II. Information about disposal of subsidiaries and other business units	--	--
1. Price of the disposal of subsidiaries and other business units	99,000.00	
2. Cash and cash equivalents received from the disposal of subsidiaries and other business units	99,000.00	
Less: Cash and cash equivalents held by subsidiaries and other business units	0.00	
3. Net cash received from the disposal of subsidiaries and other business units	99,000.00	
4. Net assets from the disposal of subsidiaries	0.00	
Current assets	0.00	
Non-current assets	0.00	
Current liabilities	0.00	
None current liabilities	0.00	

(3) Composition of cash and cash equivalents

<u>Item</u>	<u>30 June 2013</u>	<u>31 Dec 2012</u>
1. Cash	<u>920,204,606.38</u>	<u>759,361,575.52</u>
Including: cash in hand	714,518.54	833,947.68
Bank deposit can be used for payment at any time	919,490,087.84	758,527,627.84
Other monetary funds can be used for payment at any time	0.00	0.00
Deposits in central bank can be used for payment	0.00	0.00
Deposits in other banks	0.00	0.00
Call loans to banks	0.00	0.00
2. Cash equivalents	0.00	0.00
Including: bond investments due within three months	<u>0.00</u>	<u>0.00</u>
3. Closing balance of cash and cash equivalents	<u>920,204,606.38</u>	<u>759,361,575.52</u>

VI. Accounting treatment of asset securitization business: none

VII. Relationship and Related Party Transactions

1. Particulars about the parent company:

1. Particulars about the control relationship of the parent company

<u>Name of parent company</u>	<u>Relationship</u>	<u>Enterprise nature</u>	<u>Registration place</u>	<u>Legal representative</u>	<u>Business nature</u>	<u>Registered capital</u>
STAR COMGISTIC CAPITAL CO., LTD.	Ultimate holding company	Joint stock company	Taiwan	Yang Wenfang	Manufacturing, selling electrical appliances	TWD2,686,000 thousand
continued:						
<u>Name of parent company</u>		<u>Proportions of parent company's shareholding to the company (%)</u>		<u>Proportions of parent company's voting right to the company (%)</u>	<u>Ultimate controller of the company</u>	<u>Organization code</u>
STAR COMGISTIC CAPITAL CO., LTD.		43.64%		45.42%	Wu Cankun	28986660

2. Subsidiaries of the Company

<u>Name of company</u>	<u>Type</u>	<u>Registered place</u>	<u>Legal representative</u>	<u>Business nature</u>	<u>Registered capital</u>	<u>Proportion of shares held (%)</u>	<u>Proportion of voting right (%)</u>	<u>Organization code</u>
TKL	Controlling subsidiary	Zhangzhou	Jian Derong	Small home appliance manufacturing	16,000 ten thousand dollar	75.00	75.00	73954770-9
TKN	Subsidiary of controlling subsidiary	Zhangzhou	Jian Derong	Small home appliance manufacturing	500 ten thousand yuan	56.25	75.00	77067325-2
TKS	Controlling	Shanghai	Jian	Small home	4,000 ten	62.50	62.50	60729103-5

<u>Name of company</u>	<u>Type</u>	<u>Registered place</u>	<u>Legal representative</u>	<u>Business nature</u>	<u>Registered capital</u>	<u>Proportion of shares held (%)</u>	<u>Proportion of voting right (%)</u>	<u>Organization code</u>
	subsidiary		Derong	appliance manufacturing	thousand dollar			
LTC	Non-enterprise units of controlling subsidiary	Zhangzhou	Zhu Chengde	Secondary vocational education	300 ten thousand yuan	75.00	100.00	79176918-1
STD	Subsidiary of controlling subsidiary	Shanghai	Jian Derong	the sale of home appliance	495 ten thousand yuan	56.25	100.00	67455210-0
TSX	wholly-owned subsidiaries	Xiamen	Zhu Chengde	travel business	500 ten thousand yuan	100.00	100.00	67829338-8
TSX3C	Subsidiary of controlling subsidiary	Xiamen	Dai Huiyuan	the sale of home appliance	3,000 ten thousand yuan	75.00	100.00	68525122-3
SCCX	Subsidiary of controlling subsidiary	Xiamen	Jian Derong	the sale of home appliance	2,800 ten thousand yuan	75.00	100.00	55623112-X
Yingsheng Development Co., Ltd.	Subsidiary of controlling subsidiary	Hongkong	Jian Derong	Investment and trade	13,599.30 ten thousand HKD	75.00	100.00	
TKI	Subsidiary of controlling subsidiary	Indonesia	Jian Derong	Small home appliance manufacturing	1,750 ten thousand dollar	74.68	99.57	

3. Other related parties of the Company

<u>Name</u>	<u>Relationship</u>	<u>Organization code</u>
EUPA Industry Corporation Limited	Shareholder	12959659-000-07-6
Fordchee Development Limited	Shareholder	14676920-000-01-09-A
Fillman Investment Limited	Shareholder	16269694-000-07-08-4
American CANKUN CO., LTD	Same ultimate holding company	
Tsann Kuen Japan Co., Ltd.	Same ultimate holding company	0105-01-021064
Thermaster Electronic (Xiamen) Ltd.	The company directly controlled by the key management and closed family members	61201968-5
STAR TRAVEL SERVICE CORP.	Same ultimate holding company	80170076
Xiamen Star International Travel Service Co., Ltd.	Same ultimate holding company	80355209
Xiamen Tsann Kuen Trading Co., Ltd	Controlled by same actual controller	58126129-1
PT.TSANNKUEN INDONESIA	Controlled by same actual controller	
PT TSANNKUEN PROPERTY DEVELOPMENT INDONESIA	Controlled by same actual controller	
Fordchee Development Limited	Controlled by same actual controller	1748378
Rich Star Limited	The company directly controlled by the key management and closed family members	

4. Related party transactions

(1) Purchase of goods, services received among the related-party

<u>Name of company</u>	<u>Content of related transaction</u>	<u>Pricing principle of related parties</u>	<u>Current overall tally</u>		<u>Accumulated last year</u>	
			<u>Amount</u>	<u>Proportion in transactions of the same kind</u>	<u>Amount</u>	<u>Proportion in transactions of the same kind</u>
Thermaster Electronic (Xiamen) Ltd.	Procurement of raw materials and mechanical parts	According to contract price signed by both parties	17,066,825.03	3.21	19,376,014.52	2.15
STAR COMGISTIC CAPITAL CO., LTD.	Procurement of raw materials and mechanical parts	According to contract price signed by both parties	<u>2,627,119.41</u>	<u>0.49</u>	<u>5,829,975.84</u>	<u>0.65</u>
Total			<u>19,693,944.44</u>	<u>3.70</u>	<u>25,205,990.36</u>	<u>2.80</u>

(2) Statement of sales of goods and rendering of services

<u>Name of company</u>	<u>Content of related transaction</u>	<u>Pricing principle of related parties</u>	<u>Current overall tally</u>		<u>Accumulated last year</u>	
			<u>Amount</u>	<u>Proportion in transactions of the same kind</u>	<u>Amount</u>	<u>Proportion in transactions of the same kind</u>
Tsann Kuen Japan Co., Ltd.	Sales of goods	According to contract price signed by both parties	36,873,729.50	4.36	70,085,341.71	6.97
Tsann Kuen (China) Enterprise Co., Ltd.	Sales of goods	According to contract price signed by both parties	0.00	0.00	142,435.90	0.01
Thermaster Electronic (Xiamen) Ltd.	Sales of goods	According to contract price signed by both parties	0.00	0.00	1,312.96	0.00
Xiamen Tsann Kuen Trading Co., Ltd	Sales of goods	According to contract price signed by both parties	<u>13,453,679.07</u>	<u>1.59</u>	<u>29,845,110.64</u>	<u>2.97</u>
Total			<u>50,327,408.57</u>	<u>5.95</u>	<u>100,074,201.21</u>	<u>9.95</u>

(3) Information of related-party lease

<u>Name of lessor</u>	<u>Name of lessee</u>	<u>Category of the leased assets</u>	<u>Initial date</u>	<u>Ending date</u>	<u>Pricing basis for the rental income</u>	<u>Rental income recognized in the reporting period</u>
Xiamen Tsann Kuen (China) Enterprise Co., Ltd.	Xiamen Tsann Kuen Trading Co., Ltd	House and land	16 Sept 2011	24 July 2015	According to contract price signed by both parties	759,053.58

(4) Money lending of related-party

<u>Name of related party</u>	<u>Amount</u>	<u>Initial date</u>	<u>Ending date</u>	<u>Notes</u>
Borrowing				
Fillman Investment Limited	4,000,000.00	2013.04.15	2014.04.14	dollar loan
EUPA Industry Corporation Limited	9,400,000.00	2013.03.20	2014.03.19	dollar loan
Fordchee Development Limited	10,000,000.00	2013.03.01	2014.02.28	dollar loan
Fillman Investment Limited	1,000,000.00	2013.03.18	2013.12.31	dollar loan
Fillman Investment Limited	1,000,000.00	2013.04.24	2013.12.31	dollar loan

(5) Other related-party transaction

<u>Name of related party</u>	<u>Transaction Contents</u>	<u>Current overall tally</u>		<u>Accumulated last year</u>	
		<u>Amount</u>	<u>Proportion in transactions d of the same kind</u>	<u>Amount</u>	<u>Proportion in transactions of the same kind</u>
Payment					
American CANKUN CO., LTD	After-sale service cost(notes:1)	0.00	0.00	144,679.93	100.00
STAR COMGISTIC CAPITAL CO., LTD	Purchasing agent fee(notes:2)	111,505.63	100.00	290,007.92	100.00
Tsann Kuen Japan Co., Ltd.	Three packs of cost(notes:3)	122,165.26	0.11	4,942,860.04	24.82
STAR TRAVEL NETWORK TRAVEL SERVICE CORP.	Accept service(notes:4)	0.00	0.00	637,829.65	17.01
STAR TRAVEL SERVICE CORP.	Accept service(notes:4)	318,072.06	0.19	1,065,008.69	28.40
PT.TSANNKUEN INDONESIA	Purchase of fixed assets	139,478.16	0.01	0.00	0.00
Total		<u>691,221.11</u>		<u>7,080,386.23</u>	
Income					
STAR TRAVEL NETWORK TRAVEL SERVICE CORP.	Rendering of service (notes:4)	0.00	0.00	2,835.50	0.07
STAR TRAVEL SERVICE CORP.	Rendering of service (notes:4)	0.00	0.00	453,062.86	10.78
Thermaster Electronic (Xiamen) Ltd.	Rendering of service (notes:4)	0.00	0.00	94,419.00	2.25
Xiamen Tsann Kuen Trading Co., Ltd	Rendering of service (notes:4)	0.00	0.00	86,497.00	2.06
Xiamen Tsann Kuen Trading Co., Ltd	Rent	1,500,000.00	5.60	4,513,888.86	18.50
PT TSANNKUEN PROPERTY DEVELOPMENT INDONESIA	Sale of plant assets	<u>50,808.92</u>	<u>0.01</u>	<u>0.00</u>	<u>0.00</u>
Total		<u>1,550,808.92</u>		<u>5,150,703.22</u>	

Notes 1: American CANKUN CO., LTD provides after-sale service for the Company and its subsidiaries in the USA, and the Company and its subsidiaries would pay for the after-sale service fees of 102% according to the actually happened related fees. Both parts would end up this agreement in 1 Jan 2013.

Notes 2: The Company and its subsidiaries authorize related company to purchase raw materials, molds and equipments. The relevant agency fees would be paid of 110% of the actual happened operating fees.

Notes 3: The three packs of costs is the relevant fees that the Company's subsidiaries paid for the issues of quality to the related company about purchasing parts and finished goods.

Notes 4: Both of the Company and the related company offer non-exclusive agency service, to transact the TCAP of travel business, and to agent service fees according to the actual quoted prices of orders requirements of each batch.

5. Amounts due from/to related parties

<u>Name of the item</u>	<u>Related party</u>	<u>30 June 2013</u>	<u>31 Dec 2012</u>
Accounts receivable		<u>29,032,940.34</u>	<u>22,551,408.94</u>
	Tsann Kuen Japan Co., Ltd.	23,918,636.16	14,894,151.55
	STAR COMGISTIC CAPITAL CO., LTD	5,114,304.18	7,657,257.39
Accounts receivable		<u>9,681,017.26</u>	<u>13,003,303.65</u>
	Thermaster Electronic (Xiamen) Ltd.	9,189,924.17	11,110,626.59
	STAR COMGISTIC CAPITAL CO., LTD	491,093.09	1,892,677.06
Other accounts payable		<u>159,857,850.11</u>	<u>4,274,030.44</u>
	American CANKUN CO., LTD	0.00	127,099.16
	Tsann Kuen Japan Co., Ltd.	623,105.87	715,594.51
	Thermaster Electronic (Xiamen) Ltd.	0.00	22,500.00
	STAR TRAVEL SERVICE CORP.	0.00	35,160.52
	Xiamen Tsann Kuen Trading Co., Ltd	2,218,311.95	2,993,692.00
	STAR COMGISTIC CAPITAL CO., LTD	70,589.36	379,984.25
	Fillman Investment Limited	37,072,200.00	0.00
	EUPA Industry Corporation Limited	58,079,780.00	0.00
	Fordchee Development Limited	61,787,000.00	0.00
	PT.TSANNKUEN INDONESIA	6,862.93	0.00
Deposit received		<u>226,511.14</u>	<u>0.00</u>
	Thermaster Electronic (Xiamen) Ltd.	226,511.14	0.00

VIII. Contingency

Tsann Kuen Zhangzhou, one of the Company's subsidiaries, and Xinda Motor Co., Ltd. (hereinafter refer to as "Xinda Motor") signed a product supply contract on 20 Jul. 2009, with thee valid period for the contract being from 1 Jul. 2009 to 30 Jun. 2012. Both parties also signed the 2011 ED Procurement Contract of Tsann Kuen

Zhangzhou Enterprises Co., Ltd., the Special Agreement and other agreements, according to which Tsann Kuen Zhangzhou would purchase products from Xinda Motor. Later, Tsann Kuen Zhangzhou refused to pay for the products and chose to terminate the contract due to quality problems found in Xinda Motor's products. On 2 Nov. 2011, Xinda Motor filed a civil action against Tsann Kuen Zhangzhou to Zhangzhou Intermediate People's Court, asking the court to order Tsann Kuen Zhangzhou to pay US\$479,089.06 to it for the part of the contract that had been executed but not yet paid for, to bear the damages for overdue payment, and to continue to execute the unexecuted contractual obligation (equivalent to a payment of US\$189,423.25 for goods).

Tsann Kuen Zhangzhou filed a cross action on 8 Jan. 2012. Xinda Motor had caused serious economic loss and reputation damage on Tsann Kuen Zhangzhou for the products it provided for Tsann Kuen Zhangzhou did not go with the contract, due to which Tsann Kuen Zhangzhou produced products of ill quality, goods were returned and orders were canceled. On that basis, Tsann Kuen Zhangzhou asked Zhangzhou Intermediate People's Court to terminate the contract between both parties and order Xinda Motor to pay to Tsann Kuen Zhangzhou a damage of RMB100 million, and a compensation of RMB7,621,600.00.

Up to the reporting day, the outstanding amount due from Tsann Kuen Zhangzhou to Xinda Motor was US\$479,089.06. The case is currently on the docket.

IX. Commitments

1. Rental contract entered into and under execution as well as its financial effect

<u>Item</u>	<u>30 June 2013</u>	<u>31 Dec 2012</u>
The lowest rental payment of irreversible operating lease		
House rental		
The first year after the Balance Sheet Date	3,727	3,727
The second year after the Balance Sheet Date	3,727	3,727
The third year after the Balance Sheet Date	3,727	3,727
The following years	<u>134,165</u>	<u>137,892</u>
Total	<u>145,346</u>	<u>149,073</u>

2. Fulfillment of previous commitments

Up to the reporting date, the above mentioned commitments were continued to execute and there was no circumstance about violations of the above commitments.

X. Notes of other significant events

1. Assets and liabilities calculated by fair value

<u>Item</u>	<u>31 Dec 2012</u>	<u>Income from fair value change in reporting period</u>	<u>Accrued fair value change that recognized in equity</u>	<u>Withdrawn impairment in reporting period</u>	<u>30 June 2013</u>
Financial assets					
1. Financial assets recognized into current gains and losses by calculated in fair value (excluded derivative financial assets)	0.00	0.00	0.00	0.00	0.00
2. Derivative financial assets	0.00	6,985,964.05	0.00	0.00	6,985,964.05

<u>Item</u>	<u>31 Dec 2012</u>	<u>Income from fair value change in reporting period</u>	<u>Accrued fair value change that recognized in equity</u>	<u>Withdrawn impairment in reporting period</u>	<u>30 June 2013</u>
3. Available-for-sale financial assets	0.00	0.00	0.00	0.00	0.00
Subtotal of financial assets	0.00	0.00	0.00	0.00	0.00
Investment property	0.00	0.00	0.00	0.00	0.00
Productive biological assets	0.00	0.00	0.00	0.00	0.00
Others	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total	<u>0.00</u>	<u>6,985,964.05</u>	<u>0.00</u>	<u>0.00</u>	<u>6,985,964.05</u>
Financial liabilities					
1. Derivative financial liabilities	<u>363,255.25</u>	<u>-363,255.25</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

2. Foreign financial assets and financial liability

<u>Item</u>	<u>31 Dec 2012</u>	<u>Income from fair value change in reporting period</u>	<u>Accrued fair value change that recognized in equity</u>	<u>Withdrawn impairment in reporting period</u>	<u>30 June 2013</u>
Financial assets					
1. Financial assets recognized into current gains and losses by calculated in fair value (excluded derivative financial assets)					
2. Derivative financial assets					
3. Loan and accounts receivable	272,834,974.72			1,405,451.17	223,183,466.53
4. Available-for-sale financial assets					
5. Held-to-maturity investment					
Subtotal of financial assets	<u>272,834,974.72</u>			<u>1,405,451.17</u>	<u>223,183,466.53</u>
Financial liabilities	<u>157,381,973.03</u>			<u>0.00</u>	<u>284,459,403.19</u>

3. Notes of mutual guarantee between the Company and its subsidiaries in reporting period: None

XI. Notes of main items in the financial statements of the Company

1. Accounts receivable

(1) Accounts receivable

Item	30 June 2013				31 Dec 2012			
	Amount	Proportion (%)	Provision for bad debts	Proportion (%)	Amount	Proportion (%)	Provision for bad debts	Proportion (%)
Accounts receivable with significant single amount and individually withdrawn bad debt provision	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%
Accounts receivable for which bad debt provisions are made on the group basis								
Aging group	10,707,565.09	98.89%	23,453.20	0.22%	4,102,975.24	98.34%	0.00	0.00%
Related group	119,672.93	1.11%	0.00	0.00%	69,268.54	1.66%	0.00	0.00%
Subtotal of the groups	<u>10,827,238.02</u>	<u>100.00%</u>	<u>23,453.20</u>	<u>0.22%</u>	<u>4,172,243.78</u>	<u>100.00%</u>	<u>0.00</u>	<u>0.00%</u>
Accounts receivable with insignificant single amount but individually withdrawn bad debt provision	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%
Total	<u>10,827,238.02</u>	<u>100.00%</u>	<u>23,453.20</u>	<u>0.22%</u>	<u>4,172,243.78</u>	<u>100.00%</u>	<u>0.00</u>	<u>0.00%</u>

(2) In groups, the payable assets of provision for bad debts by aging analysis

Aging	30 June 2013			31 Dec 2012		
	Amount	Proportion (%)	Provision for bad debts	Amount	Proportion (%)	Provision for bad debts
Within 1 year	10,707,565.09	100.00%	23,453.20	4,102,975.24	100.00%	0.00
Including: 1 to 90 days	10,548,465.16	98.51%	0.00	4,102,975.24	100.00%	0.00
91 to 180 days	123,872.00	1.16%	14,987.89	0.00	0.00%	0.00
181 to 270 days	35,227.93	0.33%	8,465.31	0.00	0.00%	0.00
271 to 365 days	0.00	0.00%	0.00	0.00	0.00%	0.00
1 to 2 years	0.00	0.00%	0.00	0.00	0.00%	0.00
2 to 3 years	<u>0.00</u>	<u>0.00%</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>	<u>0.00</u>
Total	<u>10,707,565.09</u>	<u>100.00%</u>	<u>23,453.20</u>	<u>4,102,975.24</u>	<u>100.00%</u>	<u>0.00</u>

(3) Information of shareholders with more than 5% (including 5%) of the voting shares of the Company in accounts receivable in report period

Applicable Inapplicable

(4) Top five accounts receivable

<u>Name of entity</u>	<u>Relationship</u>	<u>Amount</u>	<u>Aging</u>	<u>Proportion (%)</u>
First	Non-related party	6,768,900.00	Within 1 year	62.52%
Second	Non-related party	1,085,479.00	Within 1 year	10.03%
Third	Non-related party	1,066,238.00	Within 1 year	9.85%
Fourth	Non-related party	1,022,134.60	Within 1 year	9.44%
Fifth	Non-related party	<u>225,000.00</u>	Within 1 year	<u>2.08%</u>
Total		<u>10,167,751.60</u>		<u>93.92%</u>

2. Other accounts receivable

(1) Category

<u>Item</u>	<u>30 June 2013</u>				<u>31 Dec 2012</u>			
	<u>Amount</u>	<u>Proportion (%)</u>	<u>Provision for bad debts</u>	<u>Proportion (%)</u>	<u>Amount</u>	<u>Proportion (%)</u>	<u>Provision for bad debts</u>	<u>Proportion (%)</u>
Other accounts receivable with significant single amount and individually withdrawn bad debt provision	0.00	0.00%		0.00%	0.00	0.00%	0.00	0.00%
Other accounts receivable for which bad debt provisions are made on the group basis								
Aging group	137,699.39	100.00%	4,615.05	3.35%	240,853.53	100.00%	4,134.07	1.72%
Related group	0.00	0.00%		0.00%	0.00	0.00%	0.00	0.00%
Subtotal of the groups	137,699.39	100.00%	4,615.05	3.35%	240,853.53	100.00%	4,134.07	1.72%
Other accounts receivable with insignificant single amount but individually withdrawn bad debt provision	<u>0.00</u>	<u>0.00%</u>	<u>0.00</u>	<u>0.00%</u>	<u>0.00</u>	<u>0.00%</u>	<u>0.00</u>	<u>0.00%</u>
Total	<u>137,699.39</u>	<u>100.00%</u>	<u>4,615.05</u>	<u>3.35%</u>	<u>240,853.53</u>	<u>100.00%</u>	<u>4,134.07</u>	<u>1.72%</u>

(2) In the groups, other accounts receivable adopting aging analysis method to withdraw bad debt provision:

Applicable Inapplicable

<u>Aging</u>	<u>30 June 2013</u>			<u>31 Dec 2012</u>		
	<u>Amount</u>	<u>Proportion (%)</u>	<u>Provision for bad debts</u>	<u>Amount</u>	<u>Proportion (%)</u>	<u>Provision for bad debts</u>
Within 1 year	133,763.29	97.14%	678.95	237,892.38	98.77%	1,172.92
Including: 1 to 90 days	131,631.11	95.59%	0.00	233,206.44	96.83%	0.00
91 to 180 days	967.86	0.70%	96.79	1,164.32	0.48%	116.43
181 to 270 days	0.00	0.00%	0.00	3,521.62	1.46%	1,056.49
271 to 365 days	1,164.32	0.85%	582.16	0.00	0.00%	0.00
1 to 2 years	2,184.54	1.59%	2,184.54	2,961.15	1.23%	2,961.15
2 to 3 years	<u>1,751.56</u>	<u>1.27%</u>	<u>1,751.56</u>	<u>0.00</u>	<u>0.00%</u>	<u>0.00</u>
Total	<u>137,699.39</u>	<u>100.00%</u>	<u>4,615.05</u>	<u>240,853.53</u>	<u>100.00%</u>	<u>4,134.07</u>

(3) The other accounts receivable due from shareholders with more than 5% (including 5%) of the voting shares of the Company in the reporting period

Applicable Inapplicable

(4) Notes of the major units of other payable assets

<u>Name of entity</u>	<u>Relationship</u>	<u>Amount</u>	<u>Aging</u>	<u>Proportion (%)</u>
Xiamen Souchuang Junhe Patent Agency Co., Ltd.	Non-related party	20,902.00	Within 30 days	15.18%
Xiamen Zhoubaoyou COSCO LOGISTICS	Non-related party	18,136.57	30 to 180 days	13.17%
Xiamen Islands Hotel co., LTD.	Non-related party	15,000.00	Within 30 days	10.89%
Xiamen Yipin Fujian Wine Wine industry co., LTD.	Non-related party	<u>14,055.54</u>	Within 30 days	<u>10.21%</u>
Total		<u>68,094.11</u>		<u>49.45%</u>

3. Long-term equity investments

(1) Notes

<u>The investee</u>	<u>Accounting method</u>	<u>Initial investment cost</u>	<u>Shareholding Proportion</u>	<u>Voting right Proportion</u>	<u>Explanations on differences between shareholding proportion and voting right proportion</u>
ShanghaiTsann Kuen Enterprise Co., Ltd.	Cost method	194,545,872.18	62.50	62.50	
Zhangzhou Tsann Kuen Enterprises Co., Ltd.	Cost method	921,914,701.56	75.00	75.00	
Xiamen Star International Travel Service Co., Ltd.	Cost method	5,000,000.00	100.00	100.00	
Xiamen Institute of Foreign Investment Enterprise	Cost method	<u>40,000.00</u>	<u>1.48</u>	<u>1.48</u>	
Total		<u>1,121,500,573.74</u>			

Continued:

<u>The investee</u>	<u>31 Dec 2012</u>	<u>Increase/decrease</u>	<u>30 June 2013</u>	<u>Provision for impairment loss</u>	<u>Withdrawal amount of impairment provision in the reporting period</u>	<u>Cash bonus</u>
ShanghaiTsann Kuen Enterprise Co., Ltd.	194,545,872.18	0.00	194,545,872.18	130,646,542.91	0.00	0.00
Zhangzhou Tsann Kuen Enterprises Co., Ltd.	921,914,701.56	0.00	921,914,701.56	0.00	0.00	0.00
Xiamen Star International Travel Service Co., Ltd.	5,000,000.00	0.00	5,000,000.00	0.00	0.00	0.00
Xiamen Institute of Foreign Investment Enterprise	<u>40,000.00</u>	<u>0.00</u>	<u>40,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>7,533.00</u>
Total	<u>1,121,500,573.74</u>	<u>0.00</u>	<u>1,121,500,573.74</u>	<u>130,646,542.91</u>	<u>0.00</u>	<u>7,533.00</u>

4. Operating income and costs

(1) Operating income

<u>Item</u>	<u>Current overall tally</u>	<u>Accumulated last year</u>
Main business revenue	27,869,917.21	0.00
Other business revenue	7,576,194.98	5,678,593.69
Total	<u>35,446,112.19</u>	<u>5,678,593.69</u>
Cost of sales	22,768,892.12	0.00
Other cost of sales	<u>2,411,159.04</u>	<u>2,575,647.75</u>
Total	<u>25,180,051.16</u>	<u>2,575,647.75</u>

(2) Main business (Classified by product)

<u>Item</u>	<u>Current overall tally</u>		<u>Accumulated last year</u>	
	<u>Operating income</u>	<u>Operating costs</u>	<u>Operating income</u>	<u>Operating costs</u>
Catering and Cooking	6,182,380.83	4,936,382.81	0.00	0.00
Home helper	14,108,680.29	11,836,580.41	0.00	0.00
Tea/Coffee	7,054,358.34	5,627,339.05	0.00	0.00
Others	<u>524,497.75</u>	<u>368,589.85</u>	<u>0.00</u>	<u>0.00</u>
Total	<u>27,869,917.21</u>	<u>22,768,892.12</u>	<u>0.00</u>	<u>0.00</u>

(3) Main business (Classified by area)

<u>Item</u>	<u>Current overall tally</u>		<u>Accumulated last year</u>	
	<u>Operating income</u>	<u>Operating costs</u>	<u>Operating income</u>	<u>Operating costs</u>
Asia	<u>27,869,917.21</u>	<u>22,768,892.12</u>	<u>0.00</u>	<u>0.00</u>
Total	<u>27,869,917.21</u>	<u>22,768,892.12</u>	<u>0.00</u>	<u>0.00</u>

(4) Revenue of sales from the top five customers

<u>Customers</u>	<u>Operating income</u>	<u>Proportion (%)</u>
First	7,106,312.78	20.05%
Second	4,131,177.80	11.65%
Third	3,976,529.96	11.22%
Fourth	3,547,363.27	10.01%
Fifth	<u>2,401,545.55</u>	<u>6.78%</u>
Total	<u>21,162,929.36</u>	<u>59.71%</u>

5. Investment income

(1) List of investment income

<u>Source</u>	<u>Current overall tally</u>	<u>Accumulated last year</u>
Long-term equity investment income accounted by cost method	7,533.00	7,062.00
Long-term equity investment income accounted by cost method	0.00	0.00
Investment income arising from disposal of long-term equity investments	<u>0.00</u>	<u>0.00</u>
Total	<u>7,533.00</u>	<u>7,062.00</u>

(2) Long-term equity investment income accounted by cost method

<u>Name of investee</u>	<u>Current overall tally</u>	<u>Accumulated last year</u>	<u>Reason for increase/decrease YoY</u>
Xiamen Institute of Foreign Investment Enterprise	<u>7,533.00</u>	<u>7,062.00</u>	None
Total	<u>7,533.00</u>	<u>7,062.00</u>	

6. Supplemental information of Cash Flow Statement

<u>Supplemental information</u>	<u>Current overall tally</u>	<u>Accumulated last year</u>
1. Reconciliation of net profit to net cash flows generated from operations:		
Net profit	6,599,285.59	638,884.09
Add: Provision for assets impairments	109,836.18	-613.09
Depreciation of fixed assets, oil and gas assets and productive biological assets	2,841,827.86	3,002,297.99
Amortization of intangible assets	218,254.92	235,676.63
Amortization of long-term deferred expense	170,149.02	158,149.02
Losses/gains on disposal of property, intangible asset and other long-term assets (gains: negative)	-702,653.94	-147,115.38
Losses/gains on scrapped of fixed assets (gains: negative)	0.00	0.00
Losses/gains from variation of fair value (gains: negative)	0.00	0.00
Financial cost (income: negative)	-176,981.36	-36.01
Investment loss (gains: negative)	-7,533.00	-7,062.00
Decrease in deferred tax assets (increase: negative)	0.00	0.00

Increase in deferred tax liabilities (decrease: negative)	0.00	0.00
Decrease in inventory (increase: negative)	2,416,142.22	0.00
Decrease in accounts receivable from operating activities (increase: negative)	-7,287,880.12	-209,568.97
Increase in accounts payable from operating activities (decrease: negative)	1,082,143.36	-4,270,072.25
Net cash flows generated from operating activities	5,262,590.73	-599,459.97
2. Significant investing and financing activities without involvement of cash receipts and payments		
Debt converted into capital		
3. Change of cash and cash equivalent:		
Closing balance of cash	7,942,734.91	13,264,650.77
Plus: closing balance of cash equivalent	17,652,594.45	13,757,429.84
Less: opening balance of cash equivalents	-9,709,859.54	-492,779.07

XII. Supplemental information

1. Notes of non-recurrent profit and loss in reporting period

Item	Amount	Notes
Loss and gains on disposal of non-current assets (Including write-off part of the provision for asset impairment)	1,579,092.37	
Tax rebates and cuts of ultra vires approval or without formal approval		
Governmental subsidy included in the current profits and losses(is closely related with the business event, except for the governmental subsidy that according to the national unity standard quota or the quantitative regal assets)	2,430,845.00	
Tax for the possession of funds from the non-financial business Included in the current losses and gains		
The quota of the Company receives from the subsidiaries, joint ventures and cooperative enterprises of the costs of investment is less than that of the gains produced from the investment which enjoys net assets of fair value that recognized by the investee.		
Exchange gains and losses of non-monetary assets		
Gains and losses of agenting others of investment or managing assets		
Withdrawing impairment of assets owning of force majeure factors, including suffer from natural disasters		
Gains and losses of debt restructuring		
Enterprise restructuring charges, for example, staffing costs costs of integration		
Gains and losses produced when exchanging prices unconscionable at the fair that exceed the fair value		

Item	Amount	Notes
The current net profits and losses produced when the subsidiaries combine under the same control from the beginning to the combining date		
Gains and losses produced from the contingency which have nothing to do with the Company's normal business operations		
In addition to the valid hedging activity associated with the normal operation of the Company, the changes in fair value through gains or losses which arising from the holding trading financial assets and the trading financial liabilities as well as the investment income that earning from the disposal of trading financial assets, trading financial liabilities and available-for-sale financial assets	10,875,310.96	Mainly is the investment returns of the Selling of forward foreign exchange contracts, changes in fair value gains, other liquid assets income of financial products
The reversal of impairment of receivables of the individual impairment test		
Gains and losses from the external entrusted loans		
Gains and losses for changes in fair value of investment property resulting from the subsequent measure through the fair value model		
The impact of a one-time adjustment of current gains and losses according to the laws and regulations of tax, accounting and others on current gains and losses		
Trustee fee income earning from the entrusted management		
Income and expenses of the other operation except the mentioned above	-126,699.48	
The other items of gains and losses conforming the definition of non-recurring gains and losses	42,720.64	Gains of the disposal of subsidiaries
Less: the effect of income tax	2,100,136.68	
the effect of minority interest (after tax)	2,983,074.85	
Total	9,718,057.96	

2. Net assets income rate and earnings per share

Unit: yuan

Profits in reporting period	ROEWA (%)	Earnings per share	
		Basic EPS	Diluted EPS
Net margins of the Company's common stock holders	2.14%	0.06	0.06
Net margins of the Company's common stock holders which has reduced non-recurring gains and losses	0.15%	0.00	0.00