

TSANN KUEN (CHINA) ENTERPRISE CO. LTD

2005 Semi-Annual Report

(Prepared under International Accounting Standards)

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IMPORTANT STATEMENT

The Board of Directors of Tsann Kuen (China) Enterprise Co., Ltd. the Corporation, hereby confirm that there is no fictitious record, misleading statements or any material omission in the information carried in this report, and collectively and individually accept full responsibilities for the truthfulness, accuracy and completeness of the whole contents.

None of member of the directors has ever declared that he (she) is uncertain of or has any objection to the truthfulness, accuracy and integrity of this 2005 semi-annual report.

All members in the Board of Directors attended the meeting of the board.

The chairman of the Board of Directors Mr. Tsai Yuan Song and the accounting manager Mr. Lin Zhi Hong jointly guarantee that the financial statements in this semi-annual report are truthful and complete.

The financial statements in this semi-annual report have not yet been audited.

I. COMPANY PROFILE

- | | |
|---------------------------------------|--|
| 1、Company's name (Chinese) | : 厦门灿坤实业股份有限公司 |
| (English) | : Tsann Kuen (CHINA) Enterprise Co., Ltd. |
| (Abbreviation) | : TKC |
| 2、Representative of legal entity | : Tsai Yuan Song |
| 3、Board of Director's secretary | : Luo Qing Xing |
| Address for contact | : No.88 Xing Long Road, Huli Industry District,
Xiamen, P.R.C. |
| Telephone | : 0592-5600887 |
| Fax | : 0592-5600886 |
| E-mail address | : allenlo@tkl.tsannkuen.com |
| Representative of the stock affairs: | : SUN MEI MEI |
| Address for contact the stock affairs | : No.88 Xing Long Road, Huli Industry District,
Xiamen, P.R.C. |
| Phone for the stock affairs | : 0592-5600887 |
| Fax for the stock affairs | : 0592-5600886 |
| E-mail address for the stock affairs | : mm_sun@tkl.tsannkuen.com |
| 4、The official address | : Xiamen, P.R.C. |
| Headquarters | : No.88 Xinglong Road, Huli industry district |
| Post code | : 361006 |

Web site	: www.tsannkuen.com
E-mail address	: allenlo@tkl.tsannkuen.com
5、Disclosure paper	: <Securities Times> in ShenZhen <Hong Kong News> in Hong Kong
Home page	: www.cninfo.com.cn
Prepared place	: No.88 Xinglong Road, Huli Industry District
6、Marketing place for TKC's stock	: the Shenzhen Stock Exchange
Short name for stock	: 闽灿坤 B
Code of stock	: 200512
7、Registered date and place	: Jan. 1st, 1988 in Xiamen, PRC
Business license number	: 企独闽厦总副字 00233 号
Tax register code	: 国税外字 35020661202170
Appointed CPA firm	: Deloitte Touche Tohmatsu CPA
Auditor's address:	: 222, Yan An Road East, Shanghai, PRC

II. FINANCIAL AND OPERATIONAL HIGHLIGHTS

1、Major accounting data and financial index

Unit: RMB

			Unit: RMB
Item	End of this reported period (Unaudited)	End of last year's reported period (Audited)	Increase or decrease (%) (End of this period / The beginning of the year)
Current assets	3,261,702,820.33	3,494,669,613.45	(6.67)
Current liabilities	3,246,020,647.61	3,472,037,424.25	(6.51)
Total Assets	4,763,775,157.00	5,160,702,822.01	(7.69)
Stockholder's equity (Minority equity excluded)	1,294,863,588.92	1,439,947,676.64	(10.08)
Net asset per share (RMB)	1.1641	1.4240	(18.25)
Adjusted net asset per share (RMB)	1.1442	1.4234	(19.62)
Item	The reported period (Jan.-June)	Last year's same period	Increase or decrease (%) (This reported period / Last year's same period)
Net Income	(145,080,063.94)	10,315,452.39	(1,506.43)
Net Income (after extraordinary income or loss)	(101,457,770.44)	(299,932.61)	(33,726.86)
Earning per share (RMB)	Diluted	0.0102	(1,378.43)
	Weighted	0.0097	(1,508.25)
Return on shareholder's equity	-11.20%	0.72%	(11.92)

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Net cash flow from operating activities	(163,999,226.41)	(385,517,070.75)	57.46
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1、 The items and amount of the extraordinary income or loss:

(RMB)	
Item of extraordinary income or loss	Amount
Subsidy income	438,449.74
Reversed reserve for asset devaluation	235.74
Extraordinary item effect on the minority interest	583,718.75
Tax effect on extraordinary income or loss	(2,468,195.70)
Non-operating income and expenditure	42,176,502.03
Total	(43,622,293.50)

2、 Summary of the differences between IAS and PRC GAAP

The above financial statement was prepared in conformity with IAS, which is different from that prepared under PRC GAAP. The profit after taxation reported under PRC GAAP for the period ended June 30, 2005 is RMB (144,181) ten thousand yuan, while the net assets reported thereof is RMB 1,281,859 ten thousand Yuan. These net income and net assets should be adjusted, as pursuant to IAS, as following:

	Net Income <u>Ended June 30, 2005</u> RMB'0000	Net Assets <u>Ended June 30, 2005</u> RMB'0000
As reported under PRC GAAP	(144,181)	1,281,859
Adjustments to confirm IAS:		
Adjustment to record property, plant and equipment acquired before 1994 at swap rates	(1,112)	11,266
Adjustment for asset re-evaluation	212	(175)
Others	0	1,914
As reported under IAS	<u>(145,081)</u>	<u>1,294,864</u>

III. CHANGES OF STOCK AND SHAREHOLDER'S EQUITY

1、 Changes of capital stock

TSANN KUEN (CHINA) ENTERPRISE CO., LTD

Unit: share

Item	Shares at beginning	Increase/decrease (+, -)						Shares at the end
		Right Issue	Bonus issue	Reserve-converted shares	New shares	Others	Subtotal	
Shares not outstanding								
1. Founders' shares	636,797,118		44,575,798	19,103,914			63,679,712	700,476,830
Including:								
State-owned shares								
Shares owned by domestic legal person								
Shares owned by overseas legal person	636,797,118		44,575,798	19,103,914			63,679,712	700,476,830
Others								
2. Shares of raising legal persons								
3. Shares of employee								
4. Preferred shares or others								
Total shares not outstanding	636,797,118		44,575,798	19,103,914			63,679,712	700,476,830
Outstanding shares								
1. Common stock shares in RMB								
2. Foreign capital shares on sale within the boundary of PRC	374,430,225		26,210,116	11,232,906			37,443,022	411,873,247
3. Foreign capital shares on sale outside the boundary of PRC								
4. Others								
Total outstanding shares	374,430,225		26,210,116	11,232,906			37,443,022	411,273,247
Total shares	1,011,227,343		70,785,914	30,336,820			101,122,734	1,112,350,077

2、About stockholders

(1) Number of the shareholders: The total number of the company's shareholders at the end of the reported period is 19,555.

Shares held by the top ten stockholders

No	Name of Shareholder	Increase/ Decrease	Shares held at the end	Holding Ratio	Types of Shares	Mortgage or congealment	Nature of Stockholders
1	FORDCHEE DEVELOPMENT LIMITED	29,516,906	324,685,968	29.19%	Not Outstanding	None	Other
2	EUPA INDUSTRY CORPORATION LIMITED	29,516,892	324,685,805	29.19%	Partial Outstanding	None	Other
3	FILLMAN INVESTMENTS LIMITED	14,758,453	162,342,984	14.59%	Not Outstanding	None	Other
4	TIMMERTON CO INC	1,318,695	14,505,644	1.30%	Outstanding	Unknown	Foreign Stockholders
5	CORE PACIFIC-YAMAICHI INTERNATIONAL (H.K.) LIMITED	2,532,953	9,295,181	0.84%	Outstanding	Unknown	Foreign Stockholders
6	TSAI SHU HUI	390,403	4,294,433	0.39%	Outstanding	None	Foreign Stockholders
7	CSC SECURITIES (HK) LTD	2,404,482	4,064,860	0.37%	Outstanding	None	Foreign Stockholders
8	MERRILL LYNCH INTERNATIONAL	-3,864,273	3,539,437	0.32%	Outstanding	None	Foreign Stockholders
9	CHEN YA YA	2,193,474	2,894,588	0.26%	Outstanding	None	Foreign Stockholders
10	LAU MING TO	237,937	2,617,304	0.24%	Outstanding	None	Foreign Stockholders

(2) Shares held by the top ten stockholders holding outstanding shares

No.	Outstanding shares held at the end	Outstanding shares held at the end	Types of shares (A、B、H shares or others)
1	EUPA INDUSTRY CORPORATION LIMITED	111,237,927	B Share
2	TIMMERTON CO INC	14,505,644	B Share
3	CORE PACIFIC-YAMAICHI INTERNATIONAL (H.K.) LIMITED	9,295,181	B Share

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4	TSAI SHU HUI	4,294,433	B Share
5	CSC SECURITIES (HK) LTD	4,064,860	B Share
6	MERRILL LYNCH INTERNATIONAL	3,539,437	B Share
7	CHEN YA YA	2,894,588	B Share
8	LAU MING TO	2,617,304	B Share
9	TSAI CHIEN FANG	1,978,471	B Share
10	THERMASTER LIMITED	1,801,023	B Share
Notes to related-party relationship in the top ten stockholders holding outstanding shares and the consistent action		1. Top three outstanding stockholders are the controlling stockholders of TKC. TSAI SHU HUI is the spouse of Mr. WU TSAN KUN, who is the legal representative of EUPA INDUSTRY CORPORATION LIMITED. 2. TKC has neither knowledge about whether there is any interest-related relations between other shareholders holding outstanding shares nor knowledge about whether or not the other shareholders holding outstanding shares belong to the consistent action people which defined in <i>The Regulations for Information Disclosure on the Change of Shares Held by the Shareholders of the Listed Company</i>.	
		Shareholders	Promissory Period
Illumination about the attendance for new shares and promissory period of holding shares for strategic investors or other legal person		None	None

Remark:

- By the date of June 30, 2005, EUPA INDUSTRY CORPORATION LTD holds 324,685,805 shares in all, in which 111,237,927 shares belong to the outstanding, and the remaining 213,447,878 shares belong to the non- outstanding.
- Related parties are recognized according to ***The regulations for circulation stock of ShenZhen Stock exchange***. The consistent action people are recognized according to ***The Regulations for Information Disclosure on the Change of Shares Held by the Shareholders of the Listed Company***

(3)、About the controlling shareholders

Holder's name	Legal representative	Founding day	Business activity	Capital stock	Mortgage
FORDCHEE DEVELOPMENT LTD	Tsan Kun Wu	1990/01/03	Investment	HK\$10,000	None
EUPA INDUSTRY CORPORATION LTD	Tsan Kun Wu	1989/07/21	Investment	HK\$100,000	None
FILLMAN INVESTMENTS LTD	Tsan Kun Wu	1994/03/31	Investment	HK\$10,000	None

Note: The above companies are the subsidiary companies of TSANN KUEN ENTERPEISE CO., LTD. in Taiwan.

(4)、Description of the real controlling shareholder

A、 Name of the real controlling shareholder:

TKE, TSANN KUEN ENTERPRISE CO., LTD. (registered in Taiwan)

B、 Legal representative: TSAN KUN WU

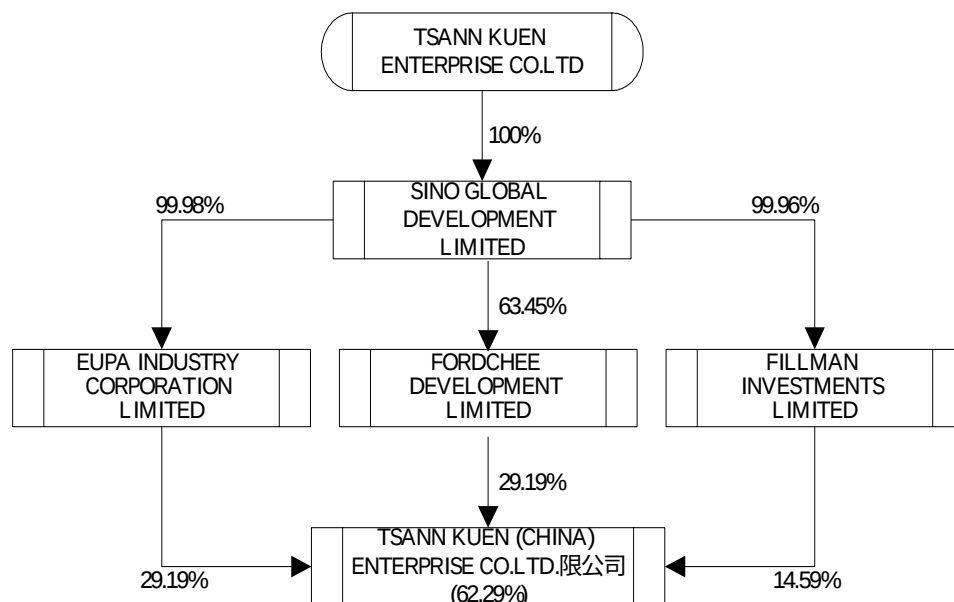
C、 Registered day: Nov. 2nd, 1978

D、 Major product and service: Processing, manufacturing and sales of small household appliances as well as their spare parts and equipment, etc.

E、 Registered capital: NT\$ 2,212,150,000

F、 Equity structure: Common stock

G、 Diagram of relationship on investment



IV. ADVANCED MANAGEMENT PERSONNEL

1、Directors, supervisors and senior administrative officials

Name	Position	Status	Sex	Age	Term of office	Holding shares		Reason for change
						Begin	End	
Mr. Tsai Yuan Song	Chairman of the board	In the position	Male	49	2005.5.27-2008.5.26	0	0	Approved by the Shareholders' Meeting on May 27, 2005 and will act as the 5 th Directors.
Mr. Yang Wen Fang	Executive Director	In the position	Male	45	2005.5.27-2008.5.26	0	0	Approved by the Shareholders' Meeting on May 27, 2005 and will act as the 5 th Directors.
Mr. Zhang Ke Da	Director	In the position	Male	44	2005.5.27-2008.5.26	0	0	Approved by the Shareholders' Meeting on May 27, 2005 and will act as the 5 th Directors.
Mr. Zhuang Xing	Director	In the position	Male	51	2005.5.27-2008.5.26	0	0	Approved by the Shareholders' Meeting on May 27, 2005 and will act as the 5 th Directors.
Mr. Liu Shun Ren	Director (independent)	Not in the position	Male	46	2002.5.22-2005.5.21	0	0	Approved by the Shareholders' Meeting for resignation on May 27, 2005
Mr. Wei Jun Xian	Director (independent)	In the position	Male	48	2005.5.27-2008.5.26	0	0	Approved by the Shareholders' Meeting on May 27, 2005 and will act as the 5 th Directors.
Mr. He Jing Hua	Director (independent)	In the position	Male	49	2005.5.27-2008.5.26	0	0	Approved by the Shareholders' Meeting on May 27, 2005 and will act as the 5 th Directors.
Mr. XiaoFeng Xiong	Director (independent)	In the position	Male	60	2005.5.27-2008.5.26	0	0	Approved by the Shareholders' Meeting on May 27, 2005 and will act as the 5 th Directors.
Mr. Zhou Zong Geng	Supervisory Chairman	In the position	Male	50	2005.5.27-2008.5.26	0	0	Approved by the Shareholders' Meeting for resignation as a director on May 27, 2005 and will act as 5 th Supervisor
Mr. Diao Wei Ren	Supervisor	In the position	Male	51	2005.5.27-2008.5.26	0	0	Approved by the Shareholders' Meeting on May 27, 2005 and will act as the 5 th Supervisor.
Mr. Wang Cai Wang	Supervisor	In the position	Male	45	2005.5.27-2008.5.26	0	0	Approved by the Employee Meeting on April 1 st , 2005 and will act as Supervisor for that Meeting.
Mr. Yan Liang Ji	Supervisor	Not in the position	Male	58	2002.5.22-2005.5.20	0	0	Approved by the Shareholders' Meeting for resignation on May 27, 2005
Mr. Lin Zong Ming	Supervisor	Not in the position	Male	47	2002.5.22-2005.5.20	0	0	Approved by the Shareholders' Meeting for resignation on May 27, 2005
Miss You Su Qiu	Supervisor	Not in the position	Female	40	2002.5.22-2005.5.20	0	0	Approved by the Employee Representative Meeting for resignation on April 1 st , 2005
Mr. Yang Wen Fang	General Manager	In the position	Male	45	2003.1.6-2006.1.6	0	0	
Mr. Luo Qing Xing	Secretary of board	In the position	Male	51	2003.1.7-	0	0	
Lin Zhi Hong	Senior Accounting manager	In the position	Male	40	2002.10 -	0	0	

Among them:

Mr. Zhuang Xing is the executive director of TKE;

Mr. Zhang Ke Da is the vice general manager of marketing department of TKE;

V. DISCUSSION AND ANALYSIS BY TOP MANAGEMENT

1、 Operational status during the reported period

In this reporting period, total revenue decreases by 5.18%, revenue from wholesaling segment decreases by 23.57% and revenue from household appliances increases by 1.34% than last reporting period. Major reason of net income decreases significantly by 1,506.43% is the “Asset Transfer Agreement” which entered into in Shanghai on July 1, 2005, partial assets of the domestic wholesaling segment were sold to YOLO household appliances Co., Ltd. which is the leader in household appliances chain store market. Under PRC GAAP, the Management shall accrue related assets disposal loss on this reporting period. The Company has to recognize asset devaluation loss. Overall operating loss of the wholesaling segment sum to RMB 335 million, including operation loss, allowance for fixed asset devaluation, allowance for inventory devaluation, allowance for bad debt and other loss. Fortunately, household appliances department is still profitable by RMB of 190 million in this reporting period.

Reasons of accounts receivable increases by 10.89%, Lump sum purchase on raw material of Aluminum scraps, petrochemicals and steels, however, their world market price trend keep upward. The Company’s strategy to macroscopic policies and in order to meet strongly demand of busy season in Quarter 3rd and 4th explains to why inventory increased by 9.58% than last reporting period. Prepayment decreased by 76% is owing to changes in purchase policy that is to reduce prepayment to suppliers and proceeds for raw materials before end of 2004 was received as stock soon later in year of 2005.

Tsann Kuen (China) Enterprise Co., Ltd. is doing business by principle of “dual-niche strategy” and it frustrates from this critical asset disposal loss. But, for the best interest of stockholders’ equity, the Board of Directors determine to terminate partial assets of wholesaling segment, now is in stage of cleanup and losses occurred from Jan to Sep in year of 2005 are under control, TKC will integrate it’s experience and advantage on R&D and manufacturing in household appliances industry. As a matter of fact, TKC is the number one household appliances supplier, and it’s subsidiary named Tsann Kuen (Zhangzhou) Enterprise Co., Ltd. is also the first household appliances manufacturer which plant locates 1,600,000 square meters and Stage II construction in the plant will soon completed. Monthly output of TKL is 4.85 million units and annual output is 60 million units. Output of some production line reaches worldwide class.

TKL’s sales volume of grill is 22.9 million units and that of iron is 15.43 million units in year 2004. The market share of those two products is number one in the world. By means of such advantage, TKC will benefit and also make profit from advantage in R&D and manufacturing in household appliances industry. In the situation, profit will be created in the second semi-annual and also contribute to a healthy financial structure. The wholesaling segment is now in stage of clean-up and with yearly loss of RMB 144 million, so consolidated income of TKC will still possibly be negative for first three quarter. However, TKC forecast, form past experience, the 3rd quarter will more profitable than first two quarter and the Management of TKC will concentrates in territory of R&D and manufacturing and continue keeping the number one in household appliances industry.

(1)、The major business scope and its operational situation

A、 Classifying according to the trade and product

Unit: RMB'0000

Trade	Product	Major operational income	Major operational cost	Gross Profit
Manufacturing	Home comforts	55,005	42,184	12,821
	Gourmufet cooking	114,082	94,911	19,171
	Tea/coffee breakfast	43,223	37,993	5,231
	Other	9,489	9,427	62
	Subtotal	221,799	184,515	37,285
	In which: related-party transactions	19,514	17,958	1,556
Domestic Wholesaling		59,345	60,773	(1,428)
Total		281,144	245,288	35,857

B、 Classifying according to the geographical location

Unit: RMB'0000

Area	Operational income	Gross profit
America	119,287	21,523
Europe	45,362	6,239
Asia	104,333	6,830
Other	12,162	1,265
Total	281,144	35,857

C、 The products whose sales revenue exceeded 10% of the major operational income

Unit: RMB'0000

Type of product	Ratio	Sales income	Cost of sales	Gross profit ratio
Home comforts	19.56%	55,005	42,184	23.31%
Gourmet cooking	40.58%	114,082	94,911	16.80%
Tea/coffee maker	15.37%	43,223	37,993	12.10%
Total	75.52%	212,310	175,088	17.53%

D、The significant change in the company's profit formation, in the major business line or in its operating structure during the reported period.

As mentioned above, disposal of all assets of the domestic wholesaling segment lead to recognition of significant loss and would impact on this reporting period, that is to say, bottom line would be negative.

(2)、The operational situations and the achievements of the companies which is under TKC's control or in which TKC holds a share.

(A)、Tsann Kuen Shanghai Enterprise Co., Ltd.

a、Business Activity: Manufacturing;

b、Major Products and Services:

Production of household appliances、electronic、light industrial products、modern office equipments and their related modules、various kinds of computers and their related facilities or spare parts. Development of computer software, IC packing and testing. Sale of their own products (the exporting of which will not be restricted by the requirements of license. and quota, or by whether or not being the product of class B).

c、Net income: RMB 139 ten thousand

(B)、Tsann Kuen Xiamen Technology Co., Ltd.

a、Business Activity: Manufacturing;

b、Major Products and Services:

Producing and marketing network service products like Internet server, router and other digital communication devices, network multi-media PC products and their assemblies, related software. Designing, researching, developing and producing sophisticated pressing modules, model normalizers and the like.

c、 Net income: RMB 188 ten thousand

(C)、 Tsann Kuen Zhangzhou Enterprise Co., Ltd.

a、 Business Activity: Manufacturing;

b、 Major Products and Services:

Development, production and sale of small household electrical appliances, new kind of electronic appliances and parts (such as electrical kits, sensors and sensitive transmitters), light industrial products, modern office supplies; designing and producing the molds related to the above products. (Excluding those products restricted by the government or those whose import or export quota is under license administration. When involved in those projects which need to be examined and approved first, the company carries out its operation and production only within the range and within the valid period set in the license.)

c、 Net income: RMB 15,005 ten thousand

(D)、 Xiamen TSANN KUEN Dian Tong Electronic Co. Ltd.

a、 Business Activity: Wholesale trading.

b、 Major Products and Services:

Wholesaling and its after-sales service of household appliances, computer sets and their attachments, communication materials, motor and electric equipments, office supplies and the related attachments (including kitchen facilities). (For those business items which need to be examined and approved first according to the laws and regulations, the company will do its business only after it has obtained the license).

c、 Net income: RMB -22,238 ten thousand

(E) Shanghai Tsann Pao Electronics Co., Ltd

a 、 Business Activity: Wholesale trading

b 、 Major Products and Services:

Wholesaling and its after-sales service of household appliances, computer sets and their attachments, communication materials, motor and electric equipments, office supplies and the related attachments (including kitchen facilities). (For those business items which need to be examined and approved first according to the laws and regulations, the company will do its business only after it has obtained the

license).

c 、 Net income: RMB –11,036 ten thousand

(F) Chengdu Tsann Kuen Electronics Co., Ltd

a、 Business Activity: Wholesale trading.

b、 Major Products and Services:

Wholesaling and its after-sales service of household appliances, computer sets and their attachments, communication materials, motor and electric equipments, office supplies and the related attachments (including kitchen facilities). (For those business items which need to be examined and approved first according to the laws and regulations, the company will do its business only after it has obtained the license).

c、 Net income: RMB-517 ten thousand

(G) T.K. Merchandising Service Co., Ltd.

a、 Business Activity: Software developing and consulting.

b、 Major Products and Services: Development of calculator software, commercial information consulting and those other business activity which is not prohibited by laws and regulations or should be examined by the Government. (For those business items which need to be examined and approved first according to the laws and regulations, the company will do its business only after it has obtained the license).

c、 Net income: RMB-152 ten thousand

(H) 、 Tsann Kuen (Zhangzhou) South Port Eletronics Enterprise Co., Ltd.

a、 Business Activity: Manufacturing;

b、 Major Products and Services: Development, production and sale of small household electrical appliances, new kind of electronic appliances and parts (such as electrical kits, sensors and sensitive transmitters), light industrial products, modern office supplies; designing and producing the molds related to the above products. (Excluding those products restricted by the government or those whose import or export quota is under license administration. When involved in those projects which need to be examined

and approved first according to the laws and regulations, the company will do its business only after it has obtained the license).

c、 Net income: RMB 106 ten thousand

(I) 、 EUPA (Hong Kong) Limited.

c、 Business Activity: Trading and agenting

d、 Major Products and Services: Trading, Purchasing on behalf of other client, R&D on household appliances, investment and market research.

d、 Net income: RMB -145 ten thousand

2、 Investment status

(1)、 Utilization state of raised funds

A、 Apart from the 40,000,000 shares of foreign funds raised in 1993, TKC has not raised funds since 1994. And there was no case of the utilization of the raised funds being extended till after 1998.

B、 The plan to issue additional 50 million B-shares and to use the fund raised from that was passed in the 1999's Meeting of Shareholders, and on July 7, 2000 the application for issuing B-shares was approved by CSRC. After that, the related application documents were sent to CSRC for approval after they had been passed in the shareholders' meeting held on the date of June 2nd, 2001, but till now no feedback of them has been received.

(2)、 Utilization state of non-raised funds :

A、 TKC and EUPA Industry Corporation Limited to set up a subsidiary company—Tsann Kuen Zhangzhou Enterprise Co. Ltd. in Feb of 2005, TKC invested funds in Longhai Developing District of Zhangzhou city to set up a subsidiary company—Tsann Kuen (Zhangzhou) South Port Eletronics Enterprise Co., Ltd. in which TKC holds 75 percent of its stockholders' equity. The registered capital for this new subsidiary company is RMB 5,000,000, of which RMB 5,000,000 has arrived in hand. By the end of the reported period, the company contributed profit

of RMB 106 ten thousand to TKC during this reported period.

B、 TKC set up a subsidiary company—EUPA (Hong Kong) Limited. in Apr of 2005. TKC owns 100% of this subsidiary which registered capital is USD 2.9 million.

(3)、 Changes in the macroscopic policies, laws or regulations that might bring significant influence to the company's operating status

During the reported period, there was no change in the government's policies, laws and regulations and in the company's operating status, which might result in significant influence to the company's financial status and operating result at present and in the future.

3、 By the end of the reported period, TKC has carried out modification to its present year's operational plans.

Unit : RMB100Million

Item	Pre modification	Post modification
Sales Revenue	72	62

4、 Significant related parties transaction (co-investment with related parties)

- 1.Related parties : Eupa Industry Corporation Limited
- 2.Name of Investee : Tsann Kuen (Zhangzhou) South Port Eletronics Enterprise Co., Ltd.
- 3.Major Products and Services: Development, production and sale of small household electrical appliances, new kind of electronic appliances and parts (such as electrical kits, sensors and sensitive transmitters), light industrial products, modern office supplies; designing and producing the molds related to the above products. (Excluding those products restricted by the government or those whose import or export quota is under license administration. When involved in those projects which need to be examined and approved first according to the laws and regulations, the company will do its business only after it has obtained the license).
- 4.Registered Capital : RMB 5 million
- 5.Total Assets : RMB35.69million
- 6.Net Income : RMB 1.06 million

VI. MAJOR EVENTS

1. Management structure of the corporation

The company's current management structure and its actual management status are good. There is no case of being asked to do the correction by the State Securities Supervision Committee occurring during the reported period.

2. The Board of Directors' execution status to the resolutions of the Shareholders' General Meeting

On June 16th, 2005, the Corporation implemented the 2004 yearly profit distribution plan which had been approved by the Shareholders' General Meeting. According to the plan, stock dividends were given on the basis of 0.7 shares for every 10 shares from retained earnings and of 0.3 shares for every 10 shares from discrepancy surplus reserve. The shares to be given in this distribution amounted to 101,122,734 shares in all. By the date of Dec. 31, 2004, the company's total capital stock was 1,011,227,343 shares. After the completion of this yearly distribution, the company's total registered capital increased to 1,112,350,077 shares, all of which are B shares.

3. Significant litigation or arbitration: none.

4. Significant purchase or disposal of assets and acquisition or merge:

- (1) On 8 March 2004, the Company received [2005] Di No.102 Notice from Xiamen Municipal Government, which stated that the land in Tsann Kuen Technology Park located at Jinshang Road, Xiamen, will be taken back by the government. The Company arrived at a agreement in respect of the compensation for the withdrew of the land with Xiamen State-owned Land and Buildings Management Bureau on 31 March 2005. The acquired price is RMB 136,424,180. The acquisition gain will be recognized in the first quarter of year 2005.
- (2) According to "Asset Transfer Agreement" which entered into in Shanghai on July 1, 2005. all assets of the domestic wholesaling segment were sold to YOLO household appliances Co., Ltd which is the leader in household appliances chain store. Under PRC GAAP we shall accrue related asset disposal loss which mentioned above on this reporting period. Comparing to the last reporting report, Sales revenue and operating income will decrease by 6% and 834% respectively subject to the asset disposal loss which based on the Asset Transfer Agreement. After this adjustment in business scope, the company will continue to link our experience and advantage in both manufacturing and R&D in this industry. Anyway, this asset transfer, in the long run, will make positive contribution to financial structure and overall consolidated gross profit. The Company also try to reduce the impact of such asset disposal loss on 2005 financial statements and stockholder's equity by means of integrating intra-company resources and maintaining 2005 fiscal year still be profitable.

5. Significant contract(s) and its (their) implementation status during the reported

period: none.

6. Significant guaranteed contracts during the reported period:

Unit:RMB'0000

Guarantee on outside company (guarantee on holding company excluded)						
Guaranteed unit	Date of transaction (date of signature)	Guaranteed amount	Type of guarantee	Period of guarantee	Finished or not	Related party guarantee or not
Total guarantee occurred during reporting period			None			
Total guarantee at end of reporting period			None			
Guarantee on holding company						
Total guarantee occur on holding company during reporting period			17,045			
Total guarantee for holding company at end of reporting period			17,045			
Total guarantee amount(guarantee on holding company included)						
Total guarantee			17,045			
Total guarantee / Total Assets			13.16%			
Illegal guarantee						
Guarantee for other Stockholders of Holding Company or Holding Company which share is less than 50%			None			
Guarantee, directly or indirectly, for Company’s liability which debt ratio is greater than 70% which share is less than 50%			None			
Does summation of guarantee exceed net asset by 50% (yes or no)			No			
Total illegal guarantee			None			

TSANN KUEN (CHINA) ENTERPRISE CO., LTD.

Announcement and independent opinion about accumulated and current guarantee of the public company from independent Directors

According to *The notice about the regulations for the funds flowing between related parties and guarantee in the public companies* issued by CSRC on year of 2003, as the independent directors of TSANN KUEN (CHINA) ENTERPRISE CO., LTD. we have checked its guarantee and expressed this announcement and independent opinions as follows:

Announcement from independent directors:

The accumulated guarantee is RMB170,446,000. Among them, the public company guarantee for

Xiamen TSANN KUEN Dian Tong Electronic Co. Ltd , its subsidiary, for bank loan of RMB115,044,000 and for Tsann Kuen China (Shanghai) Enterprise Ltd, also its subsidiary, for bank loan of RMB55,402,000. There is no other guarantee occurred in the group during the current period.

Independent opinion:

Although, the company guaranteed for its controlling subsidiaries, Tsann Kuen China (Shanghai) Enterprise Ltd and Xiamen Tsann Kuen Dian Tong Electronic Co., Ltd. it should take effective measures to reduce the amount of guarantee to reduce the liability risk from 2005 in accordance with *The notice about the regulations for the funds flowing between related parties and guarantee in the public companies*.

According to “Asset Transfer Agreement” which entered into in Shanghai on July 1, 2005. all assets of the domestic wholesaling segment were sold to YOLO household appliances Co., Ltd. The management has to pay attention to overall guarantee on Xiamen Tsann Kuen Dian Tong Electronic Co., Ltd. Actual guarantee amount reduce to RMB 51,727,000 until Jul 31, but the Management must take effort to assure that Xiamen Tsann Kuen Dian Tong Electronic Co., Ltd. would settle all bank loan on time.

Additionally, the Management has to propose plan on potential risk in case of financial difficulties on Xiamen Tsann Kuen Dian Tong Electronic Co., Ltd. which may impact the TKC in order to protect stockholders’ equity.

Independent Directors: Wei Jun Xian, He Jing Hua, XiaoFeng Xiong

August 8th, 2005

7. Significant transactions with the relative parties:

- (1)、About the details of transactions with the relative parties taking place during the reported period, please refer to the notes to the financial report;
- (2)、all transactions were priced according to a “**Pricing Agreement for related companies’ transaction**” which has been approved by Xiamen Tax Bureau. It is follow principle of fair transaction.

8. During the reported period, none of the shareholders who held more than 5% of the company’s total shares revealed without authorization any information on any of the designated newspapers or on Internet.

9. Transaction with related parties in this reporting period

Type		Related Parties	2005 expected amount	Actual amount in reporting period	%
Purchase	Raw materials	Tsann Kuen Enterprise Co., Ltd.	380,534,384.79	203,320,075.33	53%

TSANN KUEN (CHINA) ENTERPRISE CO., LTD

Type		Related Parties	2005 expected amount	Actual amount in reporting period	%
	Equipment Mold /		68,786,924.36	31,938,557.40	46%
	Raw materials	TSANN KUEN HONG KONG LTD	167.04		0%
	Finished goods	TSANN KUEN JAPAN CO.,LTD	37,752.02		0%
	Raw materials	TSANN KUEN USA INC.	9,913.30		0%
	Raw materials	Thermaster Electronic (Xiamen) Ltd.	105,189,772.32	41,521,758.39	39%
	Raw materials	Taiwan EUPA industrial Co., Ltd.	5,489,078.17		0%
	Equipment Mold /		2,556,485.06		0%
Sales	Finished goods	Tsann Kuen Enterprise Co., Ltd.	238,932,415.80	46,189,750.53	19%
	Finished goods	TSANN KUEN JAPAN CO.,LTD	271,079,352.10	148,940,062.92	55%
	Raw materials	Thermaster Electronic (Xiamen) Ltd.	42,142.10	6,359.68	15%
Services rendered	Service charge	Thermaster Electronic (Xiamen) Ltd.	518,396.68	170,464.64	33%
Serviceaccepted	Technical service	Tsann Kuen Enterprise Co., Ltd.	169,476,450.02	75,184,241.41	44%
	Service charge	Tsann Kuen Enterprise Co., Ltd.	35,905,564.37	8,192,858.26	23%
	Commision	TSANN KUEN HONG KONG LTD	8,269,624.89	1,006,682.61	12%
	Commision	TSANN KUEN USA INC	7,254,274.99	3,571,498.06	49%

VII. FINANCIAL REPORTS (See the attachments)

Financial statements:

- A. Consolidated balance sheet;
- B. Consolidated income statement;
- C. Consolidated cash flow statement;

Notes to the financial statements

VIII. MEMO

- 1、The Financial statements with signatures and seals of the legal representative, the CFO and other chief accountants.
- 2、All the company's documents and announcement originals that were publicly disclosed during the reported period on the newspapers nominated by CSRC.
- 3、The Corporation's Articles of Association.
- 4、The above-mentioned documents are stored in the secretary office of the Board of Directors.

(Signed by:) **Tsai Yuan Song**
The chairman of the Board of Directors of

TSANN KUEN (CHINA) ENTERPRISE CO., LTD.
on August 26th, 2005

TSANN KUEN (CHINA) ENTERPRISE CO., LTD.

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2005 (Prepared under International Financial Reporting Standards)

1. GENERAL

Tsann Kuen (China) Enterprise Co., Ltd. was established in the People's Republic of China (the "PRC") in 1988 under the name of Tsann Kuen China (Xiamen) Ltd. as a wholly owned foreign investment enterprise. On February 16, 1993, with the approval of the Ministry of Foreign Trade and Economic Co-operation, the Company was reorganized into a joint stock company limited by shares 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 June 30, 1993.

The Company and its subsidiaries are hereinafter collectively referred to as the Group.

2. PRESENTATION OF FINANCIAL STATEMENTS

The Company and its subsidiaries maintain their accounting records and prepare their statutory financial statements in accordance with accounting standards and regulations of the People's Republic of China that are applicable to the Company and its subsidiaries.

The financial statements ("IFRS financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRSs"). The basis of accounting under IFRSs differs in certain respects from that used in the preparation of the Company and its subsidiaries' statutory financial statements. In preparing these IFRS financial statements, appropriate adjustments, which are not taken up in the accounting records of the Company and its subsidiaries, have been made to the Company and its subsidiaries' statutory financial statements.

These financial statements are presented in Renminbi ("RMB") since that is the currency in which the majority of the Group's transactions are denominated.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost convention.

The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The shares of Shanghai Tsann Pao Electronics Co., Ltd. hold by the Company do not exceed 50%. However, the management regards that the Company has substance control over Shanghai Tsann Pao's finance and operation policy, so the Company incorporates the financial statements of Shanghai Tsann Electronics Co., Ltd.

On acquisition, the assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess (deficiency) of the cost of acquisition over (below) the fair values of the identifiable net assets acquired is recognized as goodwill (negative goodwill). The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognized.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All significant inter-company transactions and balances between group enterprises are eliminated on consolidation.

Investments in associates

An associate is an enterprise over which the Group is in a position to exercise significant influence, but not control, through participation in the financial and operating policy decisions of the investee.

The results and assets and liabilities of associates are incorporated in these

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS
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financial statements using the equity method of accounting. Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Any excess (deficiency) of the cost of acquisition over (below) the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognized as goodwill (negative goodwill).

Where a group enterprise transacts with an associate of the Group, unrealized profits and losses are eliminated to the extent of the Group's interest in the relevant associate, except to the extent that unrealized losses provide evidence of an impairment of the asset transferred.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is recognized as an asset and amortized on a straight-line basis over its estimated useful life.

Revenue recognition

Sales of goods are recognized when goods are delivered and title has passed.

Services income is recognized when services are rendered.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Rental income, from properties under operating leases is recognized on a straight-line basis over the term of the relevant lease.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable by the Group as lessee under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.

Foreign currencies

Transactions in currencies other than RMB are initially recorded at the rates of exchange prevailing on the first day of the month in which the transactions take place which approximates to the rates of exchange prevailing on the dates of

transactions. Monetary assets and liabilities denominated in such currencies are

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS
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retranslated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange is included in net profit or loss for the year.

On consolidation, the assets and liabilities of the subsidiary operations which are denominated in a reporting currency different from that of the Group are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognized as income or as expenses in the period in which the subsidiary is disposed of.

Research and development costs

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

Expenditure on development activities is recognized as an expense in the period in which it is incurred except where an asset is created that can be identified; it is probable that the asset created will generate future economic benefits; and the development cost of the asset can be measured reliably. Any such development costs incurred are recognized as an intangible asset and amortized on a straight-line basis over the life of the project from the date of commencement of commercial operation.

Borrowing costs

Borrowing costs are recognized in net profit or loss in the period in which they are incurred.

Subsidy income

Subsidy income is recognized when the Group's rights to receive is established.

Retirement benefit costs

The employees of the Group are members of state-managed retirement benefit schemes, under which the Group's obligations are equivalent to those arising in a defined contribution retirement benefit plan. Payments made to state-managed retirement benefit schemes are charged as expenses as they fall due.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit

differs from net profit as reported in the income statement because it excludes

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items of income or expense that are taxable or deductible in other years and it further exclude items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Other items of property, plant and equipment are stated at cost less accumulated

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depreciation and any recognized impairment loss.

Depreciation is charged so as to write off the cost of assets, other than properties under construction, over their estimated useful lives and after taking into account their residual value, using the straight-line method, on the following bases:

Buildings	20 years
Machinery and equipment	10-15 years
Motor vehicles	5 years
Furniture and office equipment	5 years
Moulds	5 years
Leasehold improvement	Shorter of benefit period or leasehold period

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in income statement.

Land use rights

Land use rights are measured initially at cost and amortized on a straight-line basis over their estimated useful lives.

Investment property

Investment property, which is property held to earn rentals or for capital appreciation, is stated at cost less accumulated depreciation and any recognized impairment loss.

Depreciation is charged so as to write off the cost of investment property over the estimated useful lives of 20 years and after taking into account their residual value, using the straight-line method.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the greater of net selling price and value in use. In

assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

Financial assets

The Group's principal financial assets are bank balances and cash, trade and other receivables, amounts due from related companies and other investments.

Trade and other receivables and amounts due from related companies are stated at their nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts.

Other investments consist of investments available-for-sale which are initially recorded at cost and are measured at subsequent reporting dates at fair value at the balance sheet date, unless the fair value of which cannot be reasonably estimated are stated at cost, in which case other investments are stated at cost, net of any impairment loss. Increases or decreases in the carrying amount of such investments are recognized as income or expenses of the year.

Bank balances and cash are stated at their nominal values.

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Financial liabilities

Significant financial liabilities include interest-bearing bank borrowings, trade and other payables, amounts due to related companies and a long-term payable.

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Interest bearing bank borrowings are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accrual basis.

Trade and other payables, amounts due to related companies and long-term payable are stated at their nominal values.

4. REVENUE

An analysis of the Group's revenue from their principal activities is as follows:

	<u>1.1.2005-6.30.2005</u>	<u>1.1.2004-6.30.2004</u>
	RMB'000	RMB'000
Manufacturing	2,217,990	2,188,659
Retailing	<u>593,452</u>	<u>776,445</u>
	<u>2,811,442</u>	<u>2,965,104</u>

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS
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5. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organized into two operating divisions: retailing and manufacturing, which are the basis that the Group reports its primary segment information.

Principal activities are as follows:

Retailing - Wholesaling and retailing of consumable electronic appliances, computers and communication equipments.

Manufacturing- Manufacture and distribution of household electronic appliances.

Segment information about these businesses is presented below.

Jan-Jun 2005

	<u>Manufacturing</u> RMB'000	<u>Retailing</u> RMB'000	<u>Eliminations</u> RMB'000	<u>Consolidated</u> RMB'000
REVENUE				
External sales	2,217,990	593,452	-	2,811,442
Inter-segment sales	104,958	613	(105,571)	-
Total revenue	2,322,948	594,065	(105,571)	2,811,442
RESULT				
Segment result	184,130	(316,085)	-	(131,955)
Interest income	12,127	256	-	12,383
Interest expenses	(21,426)	(19,410)	-	(40,836)
Profit before tax	174,831	(335,239)	-	(160,408)
Income tax expense	(23,726)	-	-	(23,756)
Profit before minority interests	151,075	(335,239)	-	(184,164)
Minority interests	38,748	(77,831)	-	(39,083)
Net profit for the year	112,327	(257,408)	-	(145,081)

TSANN KUEN (CHINA) ENTERPRISE CO., LTD

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2005 (Prepared under International Financial Reporting Standards)

Jan-Jun 2004

	<u>Manufacturing</u> RMB'000	<u>Retailing</u> RMB'000	<u>Eliminations</u> RMB'000	<u>Consolidated</u> RMB'000
REVENUE				
External sales	2,188,660	776,444	-	2,965,104
Inter-segment sales	<u>6,839</u>	<u>-</u>	<u>(6,839)</u>	<u>-</u>
Total revenue	<u>2,195,499</u>	<u>776,444</u>	<u>(6,839)</u>	<u>2,965,104</u>
RESULT				
Segment result	192,323	(151,589)	-	40,734
Interest income	6,639	528	-	7,167
Interest expenses	<u>(13,393)</u>	<u>(11,751)</u>	<u>-</u>	<u>(25,144)</u>
Profit before tax	185,569	(162,812)	-	22,757
Income tax expense	<u>(103)</u>	<u>-</u>	<u>-</u>	<u>(103)</u>
Profit before minority interests	<u>185,466</u>	<u>(162,812)</u>	<u>-</u>	<u>22,654</u>
Minority interests	<u>(42,737)</u>	<u>(30,398)</u>	<u>-</u>	<u>12,339</u>
Net profit for the year	<u>142,729</u>	<u>(132,414)</u>	<u>-</u>	<u>10,315</u>

BALANCE SHEET

	<u>June 30th, 2005</u>		<u>Dec 31st, 2004</u>	
	<u>Assets</u> RMB'000	<u>Liabilities</u> RMB'000	<u>Assets</u> RMB'000	<u>Liabilities</u> RMB'000
Manufacturing	4,145,673	1,883,796	4,151,029	1,138,579
Retailing	618,103	1,362,225	1,009,675	1,004,505
Unallocated common liability				<u>1,328,955</u>
	<u>4,763,776</u>	<u>3,246,021</u>	<u>5,160,704</u>	<u>3,472,039</u>

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The Group's secondary basis of segmentation is by geographical market. An analysis of Group's revenue and result by geographical market is as follows:

		Sales revenue by geographical market	
		Jan. 1 – June 30	
		<u>2005</u>	<u>2004</u>
		RMB'000	RMB'000
North America		1,192,877	1,009,572
Europe		453,615	496,306
Asia		1,043,335	1,102,865
Other		<u>121,615</u>	<u>356,361</u>
		<u>2,811,442</u>	<u>2,965,104</u>