Stock code: 200512 Stock name: TKC B Announcement No.: 2018-029

TSANN KUEN (CHINA) ENTERPRISE CO., LTD.
ABSTRACT OF 2018 SEMI-ANNUAL REPORT

I. Important reminders

This Abstract is based on the full text of the Semi-Annual Report. In order for a full understanding of the operating results, financial condition and future development planning of the Company, investors are kindly reminded to read the full text carefully on the media designated by China Securities Regulatory Commission (the "CSRC").

This Abstract is prepared in both Chinese and English. Should there be any discrepancy between the two versions, the Chinese version shall prevail.

Preplan for profit distribution to common shareholders or turning capital reserve into share capital for Reporting Period which has been reviewed and approved at board meeting

□ Applicable √ Not applicable

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

Preplan for profit distribution to preference shareholders for reporting period which has been reviewed and approved at board meeting:

□ Applicable √ Not applicable

II. Company profile

1. Stock profile

Stock name	TKC B	Stock code	200512
Stock exchange	Shenzhen Stock Exchange		
For contact	Board Secretary	Securities Representative	
Name	Sun Meimei	Dong Yuanyuan	
Office address	TSANN KUEN Industrial Park, Taiwanese Investment Zone, Zhangzhou, Fujian Province, P.R.China	TSANN KUEN Industrial Park, Taiwanese Investment Zone, Zhangzhou, Fujian Province, P.R.China	
Tel.	0596-6268161	0596-6268103	
E-mail address	mm_sun@tkl.tsannkuen.com	yy_dong@tkl.tsannkuen.com	

2. Accounting and financial highlights

Does the Company need to adjust retrospectively or restate accounting data of previous periods?

□ Yes √ No

Unit: RMB Yuan

Item	Reporting Period	Same period of last year	YoY +/- （%）
Operating revenue	691,510,505.23	869,683,758.68	-20.49
Net profit attributable to shareholders of the Company	-28,341,686.77	11,066,574.11	-356.10
Net profit attributable to shareholders of the Company before extraordinary gains and losses	-31,209,045.03	6,803,673.06	-558.71
Net cash flows from operating activities	-119,821,570.49	-57,511,295.96	-108.34

Item	Reporting Period	Same period of last year	YoY +/- （%）
Basic EPS (RMB Yuan/share)	-0.15	0.06	-350.00
Diluted EPS (RMB Yuan/share)	-0.15	0.06	-350.00
Weighted average ROE (%)	-4.73	1.79	-6.52

Item	As at the end of the Reporting Period	As at the end of last year	+/- (%)
Total assets	1,583,091,285.43	1,778,825,153.51	-11.00
Net assets attributable to shareholders of the Company	567,601,992.34	610,814,327.77	-7.07

Total shares of the Company as at closure of the last trading day before the disclosure of this Report:

Total shares of the Company as at closure of the last trading day before the disclosure of this Report (share)	185,391,680
Fully diluted EPS based on the latest total shares (RMB Yuan/share)	-0.15

3. Shareholders and their shareholdings

Unit: share

Total number of common shareholders at the period-end		16,429		Total number of preference shareholders with resumed voting rights at the period-end			0	
Greater than 5% or top 10 common shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage	Total common shares held at the period-end	Increase/ decrease during the reporting period	Number of non-tradable common shares	Number of tradable common shares	Pledged or frozen shares	
							Status of shares	Number of shares
FORDCHEE DEVELOPMENT LIMITED	Foreign corporation	29.10%	53,940,530	No change	0	53,940,530	N/A	0
EUPA INDUSTRY CORPORATION LIMITED	Foreign corporation	13.09%	24,268,840	No change	0	24,268,840	N/A	0
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign corporation	4.96%	9,196,449	No change	0	9,196,449	N/A	0
FILLMAN INVESTMENTS LIMITED	Foreign corporation	2.49%	4,621,596	No change	0	4,621,596	N/A	0
CHIAN EVERBRIGHT SECURITIES (HK) CO., LTD	Foreign corporation	1.26%	2,335,823	213,723	0	2,335,823	N/A	0
SHENWAN HONGYUAN SECURITIES (H.K.)	Foreign corporation	1.06%	1,956,752	No change	0	1,956,752	N/A	0

LIMITED								
CHEN YONGQUAN	Domestic individual	1.03%	1,900,376	3,033	0	1,900,376	N/A	0
CHEN YONGQING	Foreign individual	0.80%	1,488,949	No change	0	1,488,949	N/A	0
CHEN LIJUAN	Foreign individual	0.72%	1,339,434	No change	0	1,339,434	N/A	0
DING XIAOLUN	Domestic individual	0.61%	1,135,000	32,000	0	1,135,000	N/A	0
Strategic investor or general corporation becoming a top ten shareholder due to placing of new shares	N/A							
Related parties or acting-in-concert parties among the shareholders above	The first, the second and the fourth shareholders are the Company's corporate controlling shareholders. It is unknown whether the other shareholders of tradable shares are related parties or acting-in-concert parties as prescribed in the Administrative Methods for Disclosure of the Shareholding Changes of the Listed Company's Shareholders.							

Top 10 tradable common share holders			
Name of shareholder	Number of tradable common shares held at the period-end	Type of shares	
		Type	Number
FORDCHEE DEVELOPMENT LIMITED	53,940,530	Domestically listed foreign shares	53,940,530
EUPA INDUSTRY CORPORATION LIMITED	24,268,840	Domestically listed foreign shares	24,268,840
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	9,196,449	Domestically listed foreign shares	9,196,449
FILLMAN INVESTMENTS LIMITED	4,621,596	Domestically listed foreign shares	4,621,596
CHIAN EVERBRIGHT SECURITIES (HK) CO., LTD	2,335,823	Domestically listed foreign shares	2,335,823
SHENWAN HONGYUAN SECURITIES (H.K.) LIMITED	1,956,752	Domestically listed foreign shares	1,956,752
CHEN YONGQUAN	1,900,376	Domestically listed foreign shares	1,900,376
CHEN YONGQING	1,488,949	Domestically listed foreign shares	1,488,949
CHEN LIJUAN	1,339,434	Domestically listed foreign shares	1,339,434
DING XIAOLUN	1,135,000	Domestically listed foreign shares	1,135,000
Explanation on associated relationship or/and persons acting in concert among the top ten common tradable shareholders and between the top ten tradable shareholders and the top ten	The first, the second and the fourth shareholders are the Company's corporate controlling shareholders. It is unknown whether the other shareholders of tradable shares are related parties or acting-in-concert parties as prescribed in the Administrative Methods for Disclosure of the Shareholding Changes of the Listed Company's Shareholders.		

common shareholders	
Explanation on the top 10 common shareholders participating in the margin trading business	N/A

4. Change of the controlling shareholder or the actual controller

Change of the controlling shareholder in the Reporting Period
□ Applicable √ Not applicable
The controlling shareholder did not change in the Reporting Period.

Change of the actual controller in the Reporting Period
□ Applicable √ Not applicable
The actual controller did not change in the Reporting Period.

5. Number of preference shareholders and shareholdings of top 10 of them

□ Applicable √ Not applicable

6. Corporate bonds

Are there any corporate bonds publicly offered and listed on the stock exchange, which were undue before the approval date of this Report or were due but could not be redeemed in full?
No.

III. Performance discussion & analysis

1. Performance review for the Reporting Period

Is the Company subject to any disclosure requirements for special industries?

No.

For the reporting period, we achieved operating revenue of RMB692 million, down 20.49% from RMB870 million of the same period of last year, and net profit of RMB-28 million, down 356.10% from RMB11 million of the same period of last year. Operating revenue and gross profit were mainly affected by the weakening American and European markets, customers' stock control and the rising raw material prices. And profits were also dragged down by assessed impairments of inventories. To boost operating revenue and profits, we will continue to promote innovation in R&D and modularized development and design, utilize components in an economic manner, increase product prices and added value, cut down procurement cost in the supply chain, increase automation in manufacturing, properly adjust product prices through friendly communication, and try to attract more orders.

The Company belongs to the subsector of small household appliance design, manufacturing and marketing. Its business scope primarily includes: development and manufacture of household appliances, electronics, light industrial products, modern office supplies; design and manufacture of molds for those products; Sale of the Company's products in China and to other countries and regions as well as provision of relevant after-sales service; wholesale, retail (only in the Company's own shops), import & export and relevant supporting business of household appliances, electronic products, electrical equipment, office supplies, kitchen utensils and pre-packaged food as well as provision of relevant after-sales service. No material changes occurred to the business model of the Company in the reporting period.

The subsector of small household appliances in which the Company competes is mature and growing. The Company's main products include grills, irons, coffee makers, juicers, ovens, electric tea kettles and toasters, most of which are exported. As the age of intelligent machines comes, small household appliances are gaining more popularity on the international market. And as people's living standards are improving in China, a development trend towards smart, healthy and modern products integrating humanities and science is being seen in the subsector of small household appliances.

The Company vigorously explores the domestic market while also working on the American and European markets. Supported by stable domestic demand, the Company promotes more innovation in R&D under its brand name to create a better future for the Company and maintain a leading position in the industry. Meanwhile, the Company promotes transformation and upgrade in its household appliance business through branding efforts.

2. Matters related to financial reporting

(1) Changes in accounting policy, accounting estimation and measurement methods compared to last accounting period

□ Applicable √ Not applicable

(2) Retrospective restatements due to correction of significant accounting errors in Reporting Period

□ Applicable √ Not applicable

(3) Changes in consolidation scope compared to last accounting period

√ Applicable □ Not applicable

1. Tsann Kuen (Zhangzhou) Investment Co., Ltd. ("TKI") was incorporated by the Company's controlled subsidiary, Tsann Kuen (Zhangzhou) Enterprise Co., Ltd. on 15 June 2018 and has been included in the Company's consolidated financial statements since that day.

2. Xiamen Travel Canxing (Xiamen) International Travel Service Co., Ltd. was officially dissolved on 6 February 2018 for it had no actual operations.