

Shenzhen International Enterprise Co., Ltd.

The Third Quarterly Report 2009

§ 1 Important Notes

1.1 The Board of Directors, the Supervisory Board, directors, supervisors and senior management staff of Shenzhen International Enterprise Co., Ltd. (hereinafter referred to as “the Company”) hereby confirm that this report contains no false information, misleading statements or material omission, and accept, individually and collectively, the responsibilities for the factuality, accuracy and completeness of the contents of this report.

1.2 The Third Quarterly Financial Report 2009 has not been audited by a CPA firm.

1.3 Mr. Li Jinquan, Chairman of the Board Directors, Mr. Tang Dajin, Person-in-charge of the accounting work, and Mr. Zhou Xiaoliang, Person-in-charge of the accounting department, hereby ensure that the Financial Report enclosed in this Report is factual and complete..

§ 2 Company Profile

2.1 Major accounting data and financial indexes

Unit: (RMB) Yuan

	As at 30 Sept. 2009	As at 31 Dec. 2008	Increase/decrease (%)	
Total assets (RMB)	1,124,415,120.92	1,126,126,509.48	-0.15%	
Owners' equity attributable to shareholders of listed company (RMB)	227,975,482.77	218,861,548.42	4.16%	
Share capital (share)	220,901,184.00	220,901,184.00	0.00%	
assets per share attributable to shareholders of listed company (B/share)	1.03	0.99	4.04%	
	Jul.-Sept. 2009	Increase/decrease over same period of last year (%)	Jan.-Sept. 2009	Increase/decrease over same period of last year (%)
Total operation income (RMB)	3,869,779.07	3.57%	13,105,582.18	20.25%
Net profit attributable to shareholders of listed company (RMB)	-1,253,974.76	3.64%	9,113,934.35	
Net cash flows generated from	-	-	-43,738,336.66	29.18%

operating activities (RMB)				
Net cash flows per share generated from operating activities (RMB/share)	-	-	-0.20	28.57%
Basic earnings per share (RMB/share)	-0.008	0.60%	0.041	21.50%
Diluted earnings per share (RMB/share)	-0.008	0.60%	0.041	21.50%
Return on net assets (%)	-0.84%	-0.68%	4.00%	21.00%
Rate of return on net assets after deducting extraordinary gains and losses (%)	-1.16%	-0.36%	-3.44%	-0.24%

Unit: (RMB) Yuan

Extraordinary gains and losses	Amount from year-begin to the end of this report period	Notes
Effect on minority interest	-72,438.88	
Other items that fit the definition of extraordinary gains and losses	17,017,764.77	
Total	16,945,325.89	-

2.2 Total number of shareholders at period-end and shareholding of top ten shareholders holding tradable shares

Unit: share

Total number of shareholders at period-end		25,481
Shareholding of top ten shareholders holding tradable shares		
Name of shareholder (full name)	Number of tradable shares held at period-end	Type of share
MULTI PROFIT ASIA PACIFIC INVESTMENT LTD.	30,264,192	Domestically listed foreign shares
SHENZHEN SDG CO., LTD.	21,566,857	RMB ordinary shares
FIRST SHANGHAI SECURITIES LIMITED	16,546,541	Domestically listed foreign shares
SHENZHEN MAOYE EMPORIUM LTD.	13,577,548	RMB ordinary shares
F.C. (ASIA) HOLDINGS SDN. BHD.	8,215,594	Domestically listed foreign shares
SHENZHEN TAITIAN INDUSTRIAL DEVELOPMENT CO., LTD.	6,356,012	RMB ordinary shares
HONG KONG MENGXING INDUSTRIAL CO., LTD.	2,170,200	Domestically listed foreign shares
CREDIT SUISSE SINGAPORE	1,399,673	Domestically listed foreign shares
XIANG FUDING	1,270,293	RMB ordinary shares
YANG JUN	1,206,100	RMB ordinary shares

§ 3 Significant Events

3.1 Particulars about major changes of main accounting statement items and financial indicators, as well as reasons for the changes

Applicable Inapplicable

	End of report period	Same period of last year	Year-on-year increase/ decrease (%)	Notes
Monetary funds	22,872,491.62	105,295,609.7	-78%	The construction was paid for.
Accounts receivable	822,876.08	1,250,293.33	-34%	Debts were collected.
Prepayments	392,187	1,319,295	-70%	Carried over into inventories
Other receivables	5,099,334.56	19,518,299.61	-74%	Debts were collected.
Investment properties	1,465,561.69	7,426,900.8	-80%	Assets were activated.
Long-term deferred expenses	195,000	9,588,410.53	-98%	The amortization of the long-term deferred expenses came to an end.
Taxes and fares payable	-195,097.21	302,972.18	-164%	The profit of the property management subsidiary fell.
Operation cost	11,830,885.33	7,566,900.66	56%	The operation cost of the property management subsidiary increased.
Business tax and surcharges	555,338.42	425,419.89	31%	The income of the property management subsidiary increased.
Selling expenses	661,010.65	8,649,686.48	-92%	The sales of real estate decreased.
Financial expenses	1,593,651.07	-732,315.32	318%	The loan interest increased.
Non-business income	16,427,891.35	9,687,594.26	70%	Assets were activated, which contributed to the income increase.
Non-business expenses	69,247.54	388,565.15	-82%	The loss of asset disposal decreased.
Net profit	2,452,799.7	-7,934,006.09	131%	Assets were activated, which contributed to the profit growth.
Net cash flows from investment activities	8,281,479.6	22,055,406.44	-62%	There were less investment activities.
Net cash flows from financing activities	-10,085,535.38	83,662,272.99	-112%	There were less new loans and more loans due and repaid.

Net increase of cash and cash equivalents	-45,542,392.44	43,952,611.61	-204%	There were less new loans and more loans due and repaid.
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3.2 Progress and influence of significant events, as well as the analysis on solutions

Applicable Inapplicable

Concerning relevant issues of the equity transfer contract and the house property use right transfer contract which involved the Company's holding subsidiaries Shenzhen Rongfa Investment Co., Ltd. (hereinafter referred to as "Rongfa Company"), Shenzhen SIEC Property Management Co., Ltd. (hereinafter referred to as "Property Management Company") and Shenzhen Baotian Investment & Development Co., Ltd. (hereinafter referred to as "Baotian Company"), the Company disclosed them in the Third Quarterly Report 2007, the Semi-Annual Report 2008 and the public notice on 30 Jan. 2008 on Securities Times, Hong Kong Ta Kung Pao and <http://www.cninfo.com.cn>

Due to the disputes arising from the execution of the contracts, Rongfa Company and Property Management Company proceeded against Baotian Company to Shenzhen Luohu People's Court. Luohu Court made the judgment for the first trial of the case at the end of Sept. 2008, which terminated the house property use right transfer contract between Rongfa Company and Baotian Company and sentenced Baotian Company to pay about RMB 7 million to the Company. The Company appealed against the decision. Recently, Guangdong Shenzhen Intermediate People's Court issued the Civil Judgment (2008) SZFMWZZ No.2867 (with more details disclosed in the Public Notice on Significant Lawsuit on Securities Times, Hong Kong Ta Kung Pao and <http://www.cninfo.com.cn> dated 29 Oct. 2009). Presently, the case is being executed.

3.3 Fulfillment of commitments made by the Company, shareholders and the actual controller

Applicable Inapplicable

Commitments made	Contents of commitments	Execution
Commitments concerning the share merger reform	-	-
Commitments concerning trading moratorium on shares	Shenzhen SDG Group Co., Ltd. made the following commitments in the share merger reform: The non-tradable shares held by SDG Group would not be listed for trading or transferred within 12 months since those shares became tradable. Upon the expiration of the aforesaid commitment, SDG Group might list and sell the originally non-tradable shares held by it in the stock exchange, but the sold shares would not exceed 5% of the total shares of SIEC within 12 months, and not exceed 10% within 24 months.	Up until 30 Sept. 2009, the promisors had met the commitments made by them

Commitments made in the Acquisition Report or the Report on Equity Changes	Multi Profit Asia Pacific Investment Ltd., its actual controller and its concerted-action parties made a promise that they would not reduce, in the following 12 months, the 30,264,192 SIEC B-shares acquired by them.	Up until 30 Sept. 2009, the promisors had met the commitments made by them. By the report date, Ms. Zhang Jing, the actual controller of Multi Profit Asia Pacific Investment Ltd. (MPAPI) had transferred the 51% MPAPI equities held by her to Mr. Zheng Kanghao. (For more details, please refer to the Public Notice No.2009-27 disclosed on Securities Times, Hong Kong Ta Kung Pao and http://www.cninfo.com.cn dated 20 Oct. 2009.)
Commitments made in significant asset reorganization	-	-
Commitments made when issuing shares	-	-
Other commitments (including supplementary commitments)	-	-

3.4 Warnings of possible losses or major changes of the accumulative net profit achieved during the period from year-begin to the end of the next report period compared with the same period of last year, as well as explanation on reasons

Applicable Inapplicable

3.5 Other significant events that need to be explained

The Company did not offer capital to its controlling shareholder or its related parties, and not provide outward guarantees in violation of prescribed procedures.

3.5.1 Researches, interviews and visits received in report period

Date	Place	Way of reception	Visitor	Main discussion and materials provided by the Company
9 Sept. 2009	Main Meeting Room of the Company	Field research	Hongyuan Securities Co., Ltd.	Overall operation of the Company's main businesses

3.6 Derivatives Investment

Applicable Inapplicable

3.6.1 Positions of derivatives investment held by the Company at period-end

Applicable Inapplicable

§ 4. Appendix

4.1 Balance sheet

Prepared by Shenzhen International Enterprise Co., Ltd

30 Sep. 2009

Unit: RMB Yuan

Item	Closing balance		Opening balance	
	Consolidation	Parent company	Consolidation	Parent company
Current assets:				
Monetary funds	22,872,491.62	351,812.29	68,414,884.06	26,129,141.95
Settlement fund reserve				
Dismantle fund				
Transaction financial asset				
Notes receivable				
Account receivable	822,876.08		1,287,719.72	
Account paid in advance	392,187.00	180,000.00	816,795.00	180,000.00
Premium receivables				
Receivables from reinsurers				
Reinsurance contract reserve receivables				
Interest receivable				
Dividend receivable				
Other account receivable	5,099,334.56	195,821,727.49	5,898,179.41	158,069,588.23
Financial assets purchased under agreements to resell				
Inventories	1,020,572,166.18		965,170,729.88	
Non-current assets due within 1 year				
Other current assets				
Total current assets	1,049,759,055.44	196,353,539.78	1,041,588,308.07	184,378,730.18
Non-current assets:				
Loans and advance				
Available for sale financial assets				
Held to maturity investments				
Long-term account receivable				
Long-term equity investment	6,570,262.84	65,944,253.87	6,570,262.84	65,944,253.87

Investing property	1,465,561.69	1,097,359.82	1,755,450.46	1,365,055.94
Fixed asset	66,425,240.95	16,998,173.69	75,972,488.11	24,754,990.04
Project in construction				
Engineering material				
Fixed asset disposal				
Bearer biological asset				
Oil assets				
Intangible assets				
Development expense				
Goodwill				
Long-term expense to be apportioned	195,000.00	195,000.00	240,000.00	240,000.00
Deferred tax assets				
Other non-current assets				
Total of non-current assets	74,656,065.48	84,234,787.38	84,538,201.41	92,304,299.85
Total assets	1,124,415,120.92	280,588,327.16	1,126,126,509.48	276,683,030.03
Current liabilities:				
Short-term loans	6,000,000.00		8,000,000.00	
Loans from central bank				
Deposits received and hold for others				
Placements From Banks Other Financial Institutions				
Transaction financial liabilities				
Notes payable				
Account payable	230,062,829.14		243,472,627.76	
Account received in advance	46,868,971.75	90,000.00	59,411,157.15	13,412,185.40
Financial assets sold under agreements to repurchase				
Handling charges and commission payable				
Employee's compensation payable	2,403,269.97	750,020.61	3,357,743.19	1,318,426.30
Tax payable	-195,097.21	2,453,718.58	17,096.76	2,453,401.54
Interest payable	610,875.00		1,002,787.50	

Dividend payable	5,127,701.36	5,127,701.36	5,127,701.36	5,127,701.36
Other account payable	216,439,426.94	43,605,479.35	210,873,595.06	44,692,535.39
Due to reinsurers				
Insurance contract reserve				
Customer deposits				
Amount payables under security underwriting				
Non-current liabilities due within 1 year	14,978,700.00	14,978,700.00	14,992,300.00	14,992,300.00
Other current liabilities				
Total current liabilities	522,296,676.95	67,005,619.90	546,255,008.78	81,996,549.99
Non-current liabilities:				
Long-term borrowings	438,000,000.00		418,000,000.00	
Bonds payable				
Long-term payables				
Specific purpose account payables				
Deferred income	11,801,909.16	11,801,909.16	11,801,909.16	11,801,909.16
Provisions for contingent liabilities				
Deferred tax liabilities	1,235,138.52		1,440,994.95	
Other non-current liabilities				
Total non-current liabilities	451,037,047.68	11,801,909.16	431,242,904.11	11,801,909.16
Total liabilities	973,333,724.63	78,807,529.06	977,497,912.89	93,798,459.15
Owner's equity (or shareholders' equity)				
Paid-in capital (or share capital)	220,901,184.00	220,901,184.00	220,901,184.00	220,901,184.00
Capital surplus	72,315,347.06	64,951,444.59	72,315,347.06	64,951,444.59
Less: Treasury Stock				
Special reserves				
Surplus reserve	125,929,834.48	96,841,026.39	125,929,834.48	96,841,026.39
General risk provision				
Retained earnings	-191,170,882.77	-180,912,856.88	-200,284,817.12	-199,809,084.10
Foreign exchange difference				
Total owners' equity	227,975,482.77	201,780,798.10	218,861,548.42	182,884,570.88

attributable to holding company				
Minority interest	-76,894,086.48		-70,232,951.83	
Total owner's equity	151,081,396.29	201,780,798.10	148,628,596.59	182,884,570.88
Total liabilities and owner's equity	1,124,415,120.92	280,588,327.16	1,126,126,509.48	276,683,030.03

4.2 Income statement during the reporting period

Prepared by Shenzhen International Enterprise Co., Ltd

Jul.-Sep. 2009

Unit: RMB Yuan

Items	Jul.-Sep. 2009		Jul.-Sep. 2008	
	Consolidation	Parent company	Consolidation	Parent company
I. Total sales	3,869,779.07	25,450.00	3,736,459.52	146,562.00
Including: Sales	3,869,779.07	25,450.00	3,736,459.52	146,562.00
Interests income				
Premium income				
Handling charges and commission income				
II. Total cost of sales	8,306,045.67	2,997,626.47	10,588,566.37	6,405,427.68
Including: Cost of sales	3,843,221.33	1,922.96	2,510,880.20	8,665.10
Interests expenses				
Service charge and commission income				
Cash surrender value				
Claim expenses-net				
Provision for insurance contract reserves-net				
Insurance policy dividend paid				
Reinsurance expense				
Business taxes and surcharges	156,774.21		135,092.85	
Distribution expenses			3,381,910.73	
Administrative expenses	4,908,728.18	2,520,537.06	3,716,473.34	1,558,937.77
Financial costs	247,969.53	-3,656,250.28	844,209.25	-6,070,303.86
Impairment loss	-850,647.58	4,131,416.73		10,908,128.67

Add: gain/(loss) from change in fair value (“-” means loss)				
Gain/(loss) from investment (“-” means loss)				
Including: income from investment on affiliated enterprise and jointly enterprise				
Foreign exchange difference (“-” means loss)				
III. Business profit (“-” means loss)	-4,436,266.60	-2,972,176.47	-6,852,106.85	-6,258,865.68
Add: non-business income	749,283.80	593,535.60	1,020,915.67	1,009,753.03
Less: non-business expense	2,066.34		269,048.28	62,813.00
Including: loss from non-current asset disposal				
IV. Total profit (“-” means loss)	-3,689,049.14	-2,378,640.87	-6,100,239.46	-5,311,925.65
Less: Tax expense			7,934.69	
V. Net profit (“-” means loss)	-3,689,049.14	-2,378,640.87	-6,108,174.15	-5,311,925.65
-Attributable to parent company	-1,908,255.04	-2,378,640.87	-1,209,982.97	-5,311,925.65
-Minority interest	-1,780,794.10		-4,898,191.18	
VI. Earnings per share				
(I) Basic earnings per share	-0.008	-0.007	-0.005	-0.024
(II) Diluted earnings per share	-0.008	-0.007	-0.005	-0.024
VII. Other comprehensive income				
VIII. Total comprehensive income	-3,689,049.14	-2,378,640.87	-6,108,174.15	-5,311,925.65
Total comprehensive income attributable to owner of parent company	-1,908,255.04	-2,378,640.87	-1,209,982.97	-5,311,925.65
Total comprehensive income attributable to minority shareholders	-1,780,794.10		-4,898,191.18	

4.3 Income statement from the year-begin to the end of reporting period

Prepared by Shenzhen International Enterprise Co., Ltd
Unit: RMB Yuan

Jan.-Sep. 2009

Items	Jan.-Sep. 2009		Jan.-Sep. 2008	
	Consolidation	Parent company	Consolidation	Parent company
I. Total sales	13,105,582.18	992,460.00	10,898,306.98	422,392.00
Including: Sales	13,105,582.18	992,460.00	10,898,306.98	422,392.00
Interests income				
Premium income				
Handling charges and commission income				
II. Total cost of sales	27,770,854.27	-974,828.28	27,889,226.92	19,416,839.95
Including: Cost of sales	11,830,885.33	225,203.38	7,566,900.66	33,136.31
Interests expenses				
Service charge and commission income				
Cash surrender value				
Claim expenses-net				
Provision for insurance contract reserves-net				
Insurance policy dividend paid				
Reinsurance expense				
Business taxes and surcharges	555,338.42		425,419.89	
Distribution expenses	661,010.65		8,649,686.48	
Administrative expenses	14,121,549.55	6,730,075.08	12,943,838.10	5,752,373.04
Financial costs	1,593,651.07	-10,656,140.88	-732,315.32	-17,584,260.04
Impairment loss	-991,580.75	2,726,034.14	-964,302.89	31,215,590.64
Add: gain/(loss) from change in fair value ("-" means loss)				
Gain/(loss) from investment ("-" means loss)	750,000.00	750,000.00		
Including: income from investment on affiliated enterprise and jointly enterprise				

Foreign exchange difference ("—" means loss)				
III. Business profit ("—" means loss)	-13,915,272.09	2,717,288.28	-16,990,919.94	-18,994,447.95
Add: non-business income	16,427,891.35	16,183,174.89	9,687,594.26	1,502,932.36
Less: non-business expense	69,247.54	4,235.95	388,565.15	166,513.00
Including: loss from non-current asset disposal				
IV. Total profit ("—" means loss)	2,443,371.72	18,896,227.22	-7,691,890.83	-17,658,028.59
Less: Tax expense	-9,427.98		242,115.26	
V. Net profit ("—" means loss)	2,452,799.70	18,896,227.22	-7,934,006.09	-17,658,028.59
-Attributable to parent company	9,113,934.35	18,896,227.22	-494,812.78	-17,658,028.59
-Minority interest	-6,661,134.65		-7,439,193.31	
VI. Earnings per share				
(I) Basic earnings per share	0.041	0.086	-0.002	-0.080
(II) Diluted earnings per share	0.041	0.086	-0.002	-0.080
VII. Other comprehensive income				
VIII. Total comprehensive income	2,452,799.70	18,896,227.22	-7,934,006.09	-17,658,028.59
Total comprehensive income attributable to owner of parent company	9,113,934.35	18,896,227.22	-494,812.78	-17,658,028.59
Total comprehensive income attributable to minority shareholders	-6,661,134.65		-7,439,193.31	

4.4 Cash flow statement from the year-begin to the end of reporting period

Prepared by Shenzhen International Enterprise Co., Ltd Jan.-Sep. 2009 Unit:
RMB Yuan

Items	This period		Last period	
	Consolidation	Parent company	Consolidation	Parent company
I. Cash flows from operating activities				

Cash received from sales of goods or rendering of services	13,052,541.04	992,460.00	14,294,615.53	422,392.00
Net increase of deposits received and held for others				
Net increase of loans from central bank				
Net increase of inter-bank loans from other financial assets				
Cash received against original insurance contract				
Net Cash received from reinsurance				
Net increase of client deposit and investment				
Net increase of disposal of tradable financial assets				
Cash received as Interests, fees and commissions received				
Net increase of inter-bank fund received				
Cash received under repurchasing, net				
Tax returned				
Other cash received from operating activities	19,826,000.95	5,036,374.74	21,489,985.85	40,968,550.87
Sub-total of cash inflow from operating activities	32,878,541.99	6,028,834.74	35,784,601.38	41,390,942.87
Cash paid for goods and services	40,919,091.15		36,101,038.72	
Net increase of loans and advances				
Net increase of deposit in central bank, banks and other financial institutions				
Cash paid for original contract claim				

Cash paid for interests, fees and commission				
Cash paid for policy dividend				
Cash paid to and for employees	11,067,966.16	3,355,466.57	10,947,198.69	2,546,688.00
Cash paid for all types of taxes	3,214,031.79	1,218,307.30	2,511,796.69	791,306.47
Other cash paid relating to operating activities	21,415,789.55	34,913,498.60	47,989,635.10	53,630,852.59
Sub-total of cash outflows	76,616,878.65	39,487,272.47	97,549,669.20	56,968,847.06
Net cash outflow in operating activities	-43,738,336.66	-33,458,437.73	-61,765,067.82	-15,577,904.19
II. Cash Flows from Investing Activities				
Cash received from return of investments	20,000.00	20,000.00		
Cash received from investment income				
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	8,339,798.60	8,339,798.60	6,256,311.44	6,254,941.44
Net cash received from disposal of subsidiaries and other operating units				
Other cash received relating to investing activities				
Sub-total of cash inflows of investing activities	8,359,798.60	8,359,798.60	22,256,311.44	22,254,941.44
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	78,319.00	9,750.00	200,905.00	92,916.00
Net cash received for disposal of subsidiaries and other operating units			16,000,000.00	16,000,000.00
Cash paid for				

investments				
Net increase of pledge loans				
Net cash paid for acquisition of subsidiaries and other operating units				
Other cash paid relating to investing activities				
Sub-total of cash outflows of investing activities	78,319.00	9,750.00	200,905.00	92,916.00
Net cash inflow from investing activities	8,281,479.60	8,350,048.60	22,055,406.44	22,162,025.44
III. Cash Flows from Financing Activities:				
Cash received from investment				
Including: Cash received from minority shareholders of subsidiaries				
Cash received from borrowings	26,000,000.00		117,000,000.00	
Cash received from bonds issuing				
Cash received relating to financing activities				
Sub-total of cash inflows of financing activities	26,000,000.00		117,000,000.00	
Cash paid for repayments of borrowings	8,000,000.00		16,823,322.57	16,823,322.57
Cash paid for dividends, profit distribution or interest	24,325,535.38	668,940.53	16,514,404.44	949,106.24
Including: dividends or profits paid to minority shareholders by subsidiaries				
Other cash paid relating to financing activities	3,760,000.00			
Sub-total of cash	36,085,535.38	668,940.53	33,337,727.01	17,772,428.81

outflows of financing activities				
Net cash inflow from financing activities	-10,085,535.38	-668,940.53	83,662,272.99	-17,772,428.81
IV. Effect of foreign exchange rate changes				
V. Net decrease in cash and cash equivalents	-45,542,392.44	-25,777,329.66	43,952,611.61	-11,188,307.56
Add : Opening amount of cash and cash equivalents	68,414,884.06	26,129,141.95	61,342,998.09	11,369,551.37
VI. Closing balance of cash and cash equivalents	22,872,491.62	351,812.29	105,295,609.70	181,243.81

4.5 Auditor's report

Audit opinion: Un-audited