

Shenzhen International Enterprise Co., Ltd.

The Third Quarterly Report 2010

§1 Important Notice

1.1 The Board of Directors and directors of Shenzhen International Enterprise Co., Ltd. (hereinafter referred to as the Company) guarantee that there are no any omissions, fictitious or serious misleading statements carried in the report and will take all responsibilities, individual and/or joint for the authenticity, accuracy and completeness of the whole contents.

1.2 Other than the following director, other directors attended the Board meeting in person, at which the third quarterly report 2010 is reviewed.

Name	Office title	Reason	Name of assignee
Sun Changxing	Independent Director	On official business trip	Xie Ruxuan

1.3 The Financial Report in this quarterly report has not been audited by a CPA firm.

1.4 Zheng Kanghao, Person-in-charge of the Company, Chen Xiaohai, Person-in-charge of the accounting work, and Xu Xiaoyun, Person-in-charge of the accounting organ hereby confirm the factuality and completeness of the Financial Report in this quarterly report.

§2 Company Profile

2.1 Main accounting data and financial indicators

Unit: (RMB) Yuan

	As at 30 Sep. 2010	As at 31 Dec. 2009	Increase/decrease (%)	
	Jul.-Sep. 2010	Increase/decrease year-on-year (%)	Jan.-Sep. 2010	Increase/decrease year-on-year (%)
Total assets (RMB)	1,650,914,726.01	1,451,667,225.56		13.73%
Owners' equity attributable to shareholders of listed company (RMB)	152,230,545.87	225,778,093.67		-32.58%
Share capital (share)	220,901,184.00	220,901,184.00		0.00%
Net assets per share attributable to shareholders of listed company (RMB/share)	0.69	1.02		-32.35%
Total operation income (RMB)	3,716,741.18	-3.95%	9,720,337.51	-25.83%
Net profit attributable to shareholders of listed company (RMB)	-51,806,731.36	-	-73,547,547.80	-906.98%
Net cash flows generated from operating activities (RMB)	-	-	-670,424,449.31	-
Net cash flows per share generated from operating activities (RMB/share)	-	-	-3.03	-

Basic earnings per share (RMB/share)	-0.2345		-0.33	-925.00%
Diluted earnings per share (RMB/share)	-0.2345		-0.33	-925.00%
Weighted average return on net assets (%)	-29.08%	-28.24%	-38.91%	-42.91%
Weighted average return on net assets after deducting extraordinary gains and losses (%)	-22.27%	-21.11%	-32.20%	-28.76%

Items of non-recurring gains and losses	Amount from year-begin to the end of this report period	Notes
Gains and losses from disposal of non-current assets	2,294,779.72	
Other non-operating income and expenditure	-22,042,234.19	
Impact on minority interest	8,819,246.26	
Total	-10,928,208.21	-

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 the period-end	18,620	
Shareholding of top ten shareholders holding tradable shares		
Full name of shareholder	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 Special Economic Zone Development (Group) Co., Ltd.	21,566,857	RMB Ordinary Shares
UOB Investment (China) Limited	15,528,941	Domestically listed foreign shares
Shenzhen Maoye Emporium Ltd	13,577,548	RMB Ordinary Shares
Zhong Zhiqiang	8,215,594	Domestically listed foreign shares
Shenzhen Taitian Industrial Development Co., Ltd.	5,651,012	RMB Ordinary Shares
Chen Qiaoling	3,109,255	RMB Ordinary Shares
Fang Ruiping	2,534,800	RMB Ordinary Shares
Chen Shaolan	2,528,341	RMB Ordinary Shares
Chen Shu	2,149,327	Domestically listed foreign 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

Monetary capital at the end of report period increased 1102.10% over the year-begin, mainly because the Company received borrowings.

Short-term borrowings at the end of report period increased RMB 1,294,000,000.00 over the year-begin, mainly because the Company received borrowings.

Accounts payable at the end of report period decreased 91.42% over the year-begin, which was mainly due to reception of payment for Fanhua and IA Mall Project.

Other payables at the end of report period decreased 23.93% over the year-begin, due

to return the borrowings.

Long-term borrowings at the end of report period decreased 86.22% over the year-begin, which was mainly due to return the loan.

Administrative expenses from the year-begin to the end of report period increased 83.37% year-on-year, mainly because rent and wage increased, and expense stop capitalizing.

Financial expenses from the year-begin to the end of report period increased RMB 78,423,455.32 year-on-year, which was mainly because borrowings increased, interest for arrearage has been paid and interest for capitalization was paid.

Non-operating income from the year-begin to the end of report period decreased 82% year-on-year, mainly because the assets activating decreased in this year.

Net cash flow from financing activities from the year-begin to the end of report period increased RMB 872,581,619.18 year-on-year, mainly due to receival of borrowings.

3.2 Progress and influence of significant events, as well as the analysis on solutions

Applicable Inapplicable

3.2.1 About non-standard opinion

Applicable Inapplicable

In the 2009 Annual Audit Report, Reanda Certified Public Accountants Co., Ltd. issued the Statement on Issuing Unqualified Audit Opinion with Pinpointed Matters for 2009 Annual Financial Report to Shenzhen International Enterprise Co., Ltd., pointing out that the Company's ability to pay was weak and its going-concern capability for the future was uncertain.

In order to solve the aforesaid problems, the Company focused on pushing forward financing in the first half of this year. In Jul. 2010, Rongfa Company obtained a financing of RMB 1.3 billion from Bohai International Trust Co., Ltd.. (For more details, please refer to the public notice published on Securities Times, Ta Kung Pao (HK) and <http://www.cninfo.com.cn> dated 3 Jul. 2010.) Such a move greatly eased the Company's short-term liability pressure.

3.2.2 The Company offer capital to the controlling shareholder or other related parties and provide external guarantees in violation of the prescribed procedures.

Applicable Inapplicable

3.2.3 Signing contract and execution of contract on routine operation

Applicable Inapplicable

3.2.4 Others

Applicable Inapplicable

No new significant lawsuit or arbitration occurred during the report period, and the progress in the report period of significant lawsuits and arbitrations of previous years was as follows:

(I) The case on house-leasing dispute between subsidiary of the Company-Shenzhen Rongfa Investment Co., Ltd. (hereinafter called "Rongfa Investment") and Shenzhen Baotian Investment Co., Ltd. (hereinafter called "Baotian Investment")

On 31 Jan. 2007, Rongfa Investment entered into the Contract on Transfer of Use Right of Housing with Baotian Investment. Due to dispute in the execution of the

contract, Baotian Investment has not yet paid the fees for use right of housing to Rongfa Investment by now.

Shenzhen Municipal Intermediate People's Court of Guangdong Province made the civil ruling paper with (2008) SZFMWZ Zi No. 2867, which has took effect on 11 Sep. 2009. (For details, please refer to the public notice with serial number 2009-39 disclosed in Securities Times, Ta Kung Pao and <http://www.cninfo.com.cn> on 29 Oct. 2009).

Up till now, Baotian Investment failed to pay the fees for use right of housing to Rongfa Investment according to the clauses of the ruling. Presently, the case is being executed.

(II)The case on Construction Contract for Construction Project between Rongfa Investment and Shenzhen Fanhua Engineering Group Co., Ltd. (hereinafter called "Fanhua Company")

Rongfa Investment entered into the Construction Contract for Construction Project with Fanhua Company on 12 Jan. 2005, in which Fanhua Company contracted to build the IA Mall Project developed by Rongfa Investment. Rongfa Investment paid the part of construction costs, and the rest costs failed to be paid to Fanhua Company. In Dec. 2009, Fanhua Company brought an action against Rongfa Investment to ask for paying unpaid construction costs, overdue interests and other expenses. In Feb. 2010, through mediation of Higher People's Court of Guangdong Province, the both parties negotiated a settlement, and the Higher People's Court of Guangdong Province issued the paper of civil mediation with (2009) YGFMYC Zi No. 7 (For more details, please refer to public notice published on Securities Times, Hong Kong Ta Kung Pao and www.cninfo.com.cn on 12 Feb. 2010).

Since the paper of civil mediation became effective, Rongfa Investment actively raised money to repay the debt. Up until 26 Aug. 2010, Rongfa Investment had paid off all the payables as agreed upon in the civil mediation and the execution of all clauses in the civil mediation had been accomplished.

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

Applicable Inapplicable

Commitment	Commitment maker	Contents of commitment	Execution
Commitments concerning the share merger reform	—	—	All relevant shareholders have fulfilled their commitments concerning the share merger reform.
Commitments made in the Acquisition Report or the Report on Equity Changes	Zheng Kanghao	The information disclosure obligor shall not reduce the shares of Multi Profit Asia Pacific Investment Ltd. held by the obligor through the relevant acquisition or reduce the shares of SZIEC directly held by the obligor through the said acquisition within the coming 60 months.	The execution of the commitment continued.
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

3.5.1 Securities investment

Applicable Inapplicable

3.5.2 Researches, interviews and visits received in the report period

No field researches, phone calls or written inquiries from investors were received in the report period.

3.6 Investments into derivatives

Applicable Inapplicable

3.6.1 Positions of derivatives investments held at period-end

Applicable Inapplicable

