

Shenzhen International Enterprise Co., Ltd.

The First Quarterly Report 2011

§1 Important Notes

1.1 The Board of Directors, the Supervisory Committee, as well as directors, supervisors and senior executives of Shenzhen International Enterprise Co., Ltd. (hereinafter referred to as the Company) warrant that this report does not contain any false or misleading statements or omit any material facts, and will take all responsibilities, individual and joint for the authenticity, accuracy and completeness of the report.

1.2 All directors attended the Board meeting in person and reviewed and examined the first quarterly report 2011 except the following directors.

Name	Office title	Reason	Name of assignee
Xie Ruxuan	Independent director	Business trip	Sun Changxing

1.3 The first quarterly financial report has not been audited.

1.4 Mr. Zheng Kanghao, the company principal, and Ms. Xu Xiaoyun, the principal of the accounting work and the person-in-charge of the accounting department (the accounting principal), hereby confirm that the financial statements enclosed in the quarterly report are factual and complete.

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

§ 2 Company Profile

2.1 Main accounting data and financial indexes

Unit: RMB Yuan

	31 Mar. 2011	31 Dec. 2010	Increase/decrease (%)
Total assets (Yuan)	1,529,430,497.68	1,540,732,957.65	-0.73%
Owners' equity attributable to shareholders of the Company (Yuan)	45,508,926.32	53,890,847.47	-15.55%
Share capital (share)	220,901,184.00	220,901,184.00	0.00%
Net assets per share attributable to shareholders of the Company (Yuan/share)	0.21	0.24	-12.50%
	Jan.-Mar. 2011	Jan.-Mar. 2010	Increase/decrease (%)
Gross revenue (Yuan)	3,328,792.47	2,549,889.36	30.55%
Net profit attributable to shareholders of the Company (Yuan)	-8,381,921.15	-10,885,736.38	-23.00%
Net cash flows from operating activities (Yuan)	-56,743,525.95	29,071,436.22	-295.19%
Net cash flows per share from operating activities (Yuan/share)	-0.26	0.13	-300.00%
Basic EPS (Yuan/share)	-0.04	-0.05	-20.00%

Diluted EPS (Yuan/share)	-0.04	-0.05	-20.00%
Weighted average ROE (%)	-16.87%	-4.87%	-12.00%
Weighted average ROE after deducting non-recurring gains and losses (%)	-17.06%	-4.05%	-13.01%

Items of non-recurring gains and losses

Applicable Inapplicable

Unit: RMB Yuan

Items of non-recurring gains and losses	Amount	Notes (if applicable)
Other than the above operating income and expenses...	147,115.10	
The amount of minority interests	-60,115.37	
Total	86,999.73	-

2.2 Total number of shareholders as at the end of reporting period and shares held by the top ten shareholders not subject to trading moratorium

Total number of shareholders at the end of the reporting period	14,494	
Shares held by the top ten shareholders not subject to trading moratorium		
Full name of shareholder	Shares not subject to trading moratorium held at the 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.	20,842,257	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
Guoyuan Securities (HK) Co., Ltd.	4,055,090	Domestically listed foreign shares
Chen Qiaoling	3,109,255	RMB ordinary shares
Zhou Di	3,002,167	RMB ordinary shares
Fang Ruiping	2,534,800	RMB ordinary shares
Chen Shaolan	2,528,341	RMB ordinary shares

§3 Significant Events

3.1 Particulars about large-margin change in items of the main accounting statement and financial index, as well as the reason

Applicable Inapplicable

(1) Monetary funds were down 34% as compared to the end of last year, which was mainly because the Company paid for decoration of the IA Mall.

(2) Prepayments were up RMB 36,373,940.04 as compared to the end of last year, which was mainly because the Company paid for decoration of the IA Mall.

(3) Accounts received in advance were up 40% as compared to the end of last year, which was mainly because the Company received some equity transfer payments in advance.

(4) Payroll payable was down 49% as compared to the end of last year, which was

mainly due to payroll payments.

(5) Operating revenue was up 31% from a year earlier, which was mainly due to increase of the property management fee income.

(6) No selling expense was incurred in the reporting period, representing a year-on-year decrease of 100%, which was mainly because there were no selling activities in the reporting period.

(7) Administrative expense was up 61% from a year earlier, which was mainly due to increase of payroll payments.

(8) Impairment of assets increase of 125% over last year, mainly to increase bad debts

(9) Non-business income was up 526% from a year earlier, which was mainly due to receipt of some compensations.

(10) Non-business expense was down 89% from a year earlier, which was mainly due to decrease of contract breach damages paid.

(11) Current interest payable 124% increase over last year, mainly accrued interest on borrowings

(12) Interest expense less than a year earlier by 42%, mainly due to reduced interest expense.

3.2 Progress of significant events as well as their influence and solutions

3.2.1 Non-standard audit opinion

Applicable Inapplicable

2010 was a year when significant changes happened to the Company. Shareholding restructuring and reelection of the Board of Directors were all accomplished by the Company. The Company drew up and clearly defined new development strategy of developing commercial real estate and engaging in business operation after having established the new Board of Directors. Due to that the Company is still at the transition period and has exited traditional retail and merchandise industry, and the large-scale shopping mall project vigorously developed by the Company is still at the input stage, no income has yet been generated. Meanwhile, only some wood resources entered the cutting and realization stage. The Company still had a shortage of cash flows.

In 2011, under the guidance of the new strategic planning, the Company has taken various measures to proactively improve its going-concern ability, including accelerating the shopping mall project, promoting realization of woods, activating reserve assets and looking for financing through multiple channels.

1. The Company will beef up the shopping mall project in the business district, thoroughly carry out fine decoration and business solicitation for the IA Mall, and try to open the mall for business within the year. As the IA Mall project starts to attract investors, the Company will receive rent incomes, which can ease the cash flow stress.

2. The Company will further optimize the plan for woods realization and carry on with the cutting and selling of fast-growing eucalyptus woods, which will generate cash inflows for the Company.

3. The Company will actively promote to vitalize the assets of land in Bantian.
4. The Company will continue to negotiate with various commercial banks on financing and try to obtain operating loans for commercial properties as soon as possible.
5. The Company will continue to discuss with employees to gradually address problems left over from the past, for instance, employees' shops. As these problems are addressed and the main business recovers gradually, the Company will enter a track of positive development.

3.2.2 The Company provides funds for the controlling shareholder or its related parties or provides external guarantees in violation of the prescribed procedure

Applicable Inapplicable

3.2.3 Significant contracts signed and executed concerning routine operation

Applicable Inapplicable

3.2.4 Other

Applicable Inapplicable

3.3 Commitments made by the Company, its shareholders and actual controller

Commitments made by the Company, its directors, supervisors, senior executives, shareholders holding over 5% of the Company's shares, actual controller and other related parties in the reporting period, or such commitments carried down into the reporting period

Applicable Inapplicable

Commitment	Commitment maker	Contents of commitment	Execution
Commitments concerning the share reform	-	Naught	N/A
Commitments made in the Acquisition Report or the Report on Equity Changes	Zheng Kanghao	The obligor for information disclosure shall not reduce the shares of Multi Profit Asia Pacific Investment Ltd. held the obligor from this acquisition or reduce the shares of SZIEC indirectly held by the obligor from this acquisition within the future 60 months.	Strictly fulfilled the commitments
Commitments made in significant asset reorganization	-	Naught	N/A
Commitments made when issuing shares	-	Naught	N/A
Other commitments (including supplementary ones)	-	Naught	N/A

3.4 Warnings of possible losses or major changes of the accumulative net profit achieved during the period from the beginning of the year to the end of the next reporting period compared with the same period of last year according to prediction, as well as the reasons

Applicable Inapplicable

3.5 Other significant events

3.5.1 Securities investment

Applicable Inapplicable

3.5.2 Research, communication and interviews received in the reporting period

Time	Place	Way of reception	Visitor	Main discussion and information provided by the Company
27 Jan. 2011	44F of the Trade Center	Field research	Zhou Di and Li Qiang (shareholders)	Progress of the project and business solicitation
16 Feb. 2011	Business Center of the IA Mall	Field research	Xia Tian from Securities Times	Progress of the project and business solicitation

3.6 Investment on derivative products

Applicable Inapplicable

3.6.1 Derivative products held as at the end of the reporting period

Applicable Inapplicable

§4 Attachments

4.1 Balance Sheet

Prepared by Shenzhen International Enterprise Co., Ltd

Unit: RMB Yuan

31 Mar. 2011

Items	Closing balance		Opening balance	
	Consolidation	The Company	Consolidation	The Company
Current Assets:				
Monetary funds	101,572,865.89	383,385.42	153,356,391.84	360,786.67
Settlement reserves				
Lendings to banks and other financial institutions				
Transactional financial assets				
Notes receivable				
Accounts receivable	1,294,452.62		1,275,452.62	
Accounts paid in advance	36,547,052.04		173,112.00	
Premiums receivable				
Reinsurance premiums receivable				
Receivable reinsurance contract reserves				
Interest receivable				
Dividend receivable				
Other accounts receivable	4,969,183.37	78,036,754.82	3,990,327.14	64,562,300.84
Financial assets purchased				

under agreements to resell				
Inventories	1,299,737,031.87		1,295,921,630.89	
Of which: Consumptive biological assets				
Non-current assets due within 1 year				
Other current assets	1,444,120,585.79	78,420,140.24	1,454,716,914.49	64,923,087.51
Total current assets	1,444,270,246.25	78,420,140.24	1,454,716,914.49	64,923,087.51
Non-current assets:				
Entrusted loans and advances granted				
Available-for-sale financial assets				
Held-to-maturity investments				
Long-term accounts receivable				
Long-term equity investment	5,699,905.49	65,073,896.52	5,699,905.49	65,073,896.52
Investing property	1,151,060.68	829,709.96	1,168,880.14	840,131.87
Fixed assets	52,105,110.31	4,515,817.40	52,778,422.12	4,738,121.88
Construction in progress				
Engineering materials				
Disposal of fixed assets				
Production biological assets				
Oil-gas assets				
Intangible assets	26,248,835.41		26,248,835.41	
R&D expense				
Goodwill				
Long-term deferred expenses	105,000.00	120,000.00	120,000.00	120,000.00
Deferred income tax assets				
Other non-current assets				
Total of non-current assets	85,309,911.89	70,539,423.88	86,016,043.16	70,772,150.27
Total assets	1,529,430,497.68	148,959,564.12	1,540,732,957.65	135,695,237.78
Current liabilities:				
Short-term borrowings	1,300,000,000.00		1,300,000,000.00	
Borrowings from Central Bank				
Customer bank deposits and due to banks and other financial institutions				
Borrowings from banks and other financial institutions				
Transactional financial liabilities				
Notes payable				
Accounts payable	40,809,564.87		45,178,810.77	

Accounts received in advance	45,185,622.12	10,820,000.00	32,310,622.12	70,000.00
Financial assets sold for repurchase				
Handling charges and commissions payable				
Employee's compensation payable	2,061,101.23	815,233.14	4,059,693.09	1,820,873.54
Tax payable	3,582,524.03	4,080,097.61	3,500,382.04	3,987,373.26
Interest payable	8,933,031.60		3,981,587.16	
Dividend payable	5,127,701.36	5,127,701.36	5,127,701.36	5,127,701.36
Other accounts payable	169,832,760.69	49,268,513.07	177,632,900.99	46,548,513.07
Reinsurance premiums payable				
Insurance contract reserves				
Payables for acting trading of securities				
Payables for acting underwriting of securities				
Non-current liabilities due within 1 year	16,020,000.00		16,590,000.00	
Other current liabilities				
Total current liabilities	1,591,552,305.90	70,111,545.18	1,588,381,697.53	57,554,461.23
Non-current liabilities:				
Long-term borrowings	35,000,000.00		35,000,000.00	
Bonds payable				
Long-term payables				
Specific payables				
Estimated liabilities	66,839,317.32		66,839,317.32	
Deferred income tax liabilities				
Deferred income				
Other non-current liabilities	457,509.92		560,438.13	
Total non-current liabilities	102,296,827.24		102,399,755.45	
Total liabilities	1,693,849,133.14	70,111,545.18	1,690,781,452.98	57,554,461.23
Owners' equity (or shareholders' equity)				
Paid-up capital (or share capital)	220,901,184.00	220,901,184.00	220,901,184.00	220,901,184.00
Capital reserves	72,315,347.06	64,951,444.59	72,315,347.06	64,951,444.59
Less: Treasury stock				
Specific reserves				
Surplus reserves	125,929,834.48	96,841,026.39	125,929,834.48	96,841,026.39
Provisions for general risks				
Retained profits	-373,637,439.22	-303,845,636.04	-365,255,518.07	-304,552,878.43
Foreign exchange difference				

Total equity attributable to owners of the Company	45,508,926.32	78,848,018.94	53,890,847.47	78,140,776.55
Minority interests	-209,927,561.78		-203,939,342.80	
Total owners' equity	-164,418,635.46	78,848,018.94	-150,048,495.33	78,140,776.55
Total liabilities and owners' equity	1,529,430,497.68	148,959,564.12	1,540,732,957.65	135,695,237.78

4.2 Income statement

Prepared by Shenzhen International Enterprise Co., Ltd

Unit: RMB Yuan

Jan.-Mar. 2011

Items	Jan.-Mar. 2011		Jan.-Mar. 2010	
	Consolidation	The Company	Consolidation	The Company
I. Total operating revenues	3,328,792.47	22,271.10	2,549,889.36	34,700.00
Including: Sales income	3,328,792.47	22,271.10	2,549,889.36	34,700.00
Interest income				
Premium income				
Handling charge and commission income				
II. Total operating cost	17,846,047.70	-689,312.16	17,505,286.54	16,022,815.33
Including: Cost of sales	3,169,829.86	4,172.85	2,849,103.06	1,807.87
Interest expenses				
Handling charge and commission expenses				
Surrenders				
Net claims paid				
Net amount withdrawn for the insurance contract reserve				
Expenditure on policy dividends				
Reinsurance premium				
Taxes and associate charges	156,880.54		246,798.80	
Selling and distribution expenses			143,602.74	
Administrative expenses	9,700,352.93	4,457,959.02	6,029,731.18	3,107,131.31
Financial expenses	4,767,360.36	-5,151,444.03	8,213,096.23	-4,451,589.49
Asset impairment loss	51,624.01		22,954.53	17,365,465.64
Add: Gain/(loss) from change in fair value ("-" means loss)				
Gain/(loss) from investment ("-" means loss)				
Including: share of profits in				

associates and joint ventures				
Foreign exchange gains ("-" means loss)				
III. Business profit ("-" means loss)	-14,517,255.23	711,583.26	-14,955,397.18	-15,988,115.33
Add: non-operating income	551,170.45		88,040.00	
Less: non-operating expense	404,055.35	3,150.71	3,684,128.94	375,001.04
Including: loss from non-current asset disposal			21,204.01	6,858.89
IV. Total profit ("-" means loss)	-14,370,140.13	708,432.55	-18,551,486.12	-16,363,116.37
Less: Income tax expense				
V. Net profit ("-" means loss)	-14,370,140.13	708,432.55	-18,551,486.12	-16,363,116.37
Attributable to owners of the Company	-8,381,921.15	708,432.55	-10,885,736.38	-16,363,116.37
Minority shareholders' income	-5,988,218.98		-7,665,749.74	
VI. Earnings per share				
(I) basic earnings per share	-0.04	0.00	-0.05	
(II) diluted earnings per share	-0.04	0.00	-0.05	
VII. Other comprehensive incomes				
VIII. Total comprehensive incomes	-14,370,140.13	708,432.55	-18,551,486.12	-16,363,116.37
Attributable to owners of the Company	-8,381,921.15	708,432.55	-10,885,736.38	-16,363,116.37
Attributable to minority shareholders	-5,988,218.98		-7,665,749.74	

Where there were business combinations under the same control in the reporting period, the combined parties achieved net profits of RMB 0.00 before the combinations.

4.3 Cash flow statement

Prepared by Shenzhen International Enterprise Co., Ltd

Jan.-Mar. 2011

Unit: RMB Yuan

Items	Jan.-Mar. 2011		Jan.-Mar. 2010	
	Consolidation	The Company	Consolidation	The Company
I. Cash flows from operating activities:				
Cash received from sale of commodities and rendering of service	5,453,792.47	22,271.10	3,142,634.55	34,700.00
Net increase of deposits from				

customers and dues from banks				
Net increase of loans from the central bank				
Net increase of funds borrowed from other financial institutions				
Cash received from premium of original insurance contracts				
Net cash received from reinsurance business				
Net increase of deposits of policy holders and investment fund				
Net increase of disposal of tradable financial assets				
Cash received from interest, handling charges and commissions				
Net increase of borrowings from banks and other financial institutions				
Net increase of funds in repurchase business				
Tax refunds received				
Other cash received relating to operating activities	2,720,000.00	2,720,000.00	94,404,552.37	10,929,471.31
Subtotal of cash inflows from operating activities	8,173,792.47	2,742,271.10	97,547,186.92	10,964,171.31
Cash paid for goods and services	44,558,586.92		56,554,686.89	
Net increase of customer lendings and advances				
Net increase of funds deposited in the central bank and amount due from banks				
Cash for paying claims of the original insurance contracts				
Cash for paying interest, handling charges and commissions				
Cash for paying policy dividends				
Cash paid to and for employees	7,090,874.96	2,645,738.30	4,681,731.67	1,402,339.10
Various taxes paid	789,646.86	354,074.37	942,615.73	172,022.63
Other cash payment relating to	12,478,209.68	10,362,021.07	6,296,716.41	9,069,881.91

operating activities				
Subtotal of cash outflows from operating activities	64,917,318.42	13,361,833.74	68,475,750.70	10,644,243.64
Net cash flows from operating activities	-56,743,525.95	-10,619,562.64	29,071,436.22	319,927.67
II. Cash flows from investing activities:				
Cash received from disposal of investments	10,750,000.00	10,750,000.00		
Cash received from return on investments				
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			2,872,765.00	2,870,765.00
Net cash received from disposal of subsidiaries or other business units				
Other cash received relating to investing activities				
Subtotal of cash inflows from investing activities	10,750,000.00	10,750,000.00	2,872,765.00	2,870,765.00
Cash paid to acquire fixed assets, intangible assets and other long-term assets			87,529.00	28,764.00
Cash paid for investment				
Net increase of pledged loans				
Net cash paid to acquire subsidiaries and other business units				
Other cash payments relating to investing activities				
Subtotal of cash outflows from investing activities			87,529.00	28,764.00
Net cash flows from investing activities	10,750,000.00	10,750,000.00	2,785,236.00	2,842,001.00
III. Cash flows from financing activities:				
Cash received from capital contributions				
Including: Cash received from minority shareholder investments by subsidiaries				
Cash received from borrowings			15,000,000.00	

Cash received from issuance of bonds				
Other cash received relating to financing activities			270,000.00	
Subtotal of cash inflows from financing activities			15,270,000.00	
Repayment of borrowings	5,220,000.00		31,000,000.00	
Cash paid for interest expenses and distribution of dividends or profit	570,000.00		6,235,905.45	
Including: dividends or profit paid by subsidiaries to minority shareholders				
Other cash payments relating to financing activities				
Sub-total of cash outflows from financing activities	5,790,000.00		37,235,905.45	
Net cash flows from financing activities	-5,790,000.00		-21,965,905.45	
IV. Effect of foreign exchange rate changes on cash and cash equivalents				
V. Net increase in cash and cash equivalents	-51,783,525.95	130,437.36	9,890,766.77	3,161,928.67
Add: Cash and cash equivalents at the period-begin	153,356,391.84	252,948.06	18,673,470.06	252,948.06
VI. Cash and cash equivalents at the period-end	101,572,865.89	383,385.42	28,564,236.83	3,414,876.73

4.4 Auditor's report

Audit opinion: Un-audited