

## Shenzhen International Enterprise Co., Ltd.

### The Third Quarterly Report 2011

#### §1 Important Notice

1.1 The Board of Directors, the Supervisory Committee, directors, supervisors and other senior management personnel of Shenzhen International Enterprise Co., Ltd. (hereinafter referred to as the Company) hereby guarantee that this report carries no false information, misleading statements or major omissions, and accept, individually and collectively, the responsibility for the factuality, accuracy and completeness of the information set forth herein.

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

1.3 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 (Financial manager) hereby confirm the factuality and completeness of the Financial Report in this quarterly report.

#### §2. Company Profile

##### 2.1 Main accounting data and financial indexes

Unit: RMB Yuan

	As at 30 Sept. 2011	As at 31 Dec. 2010	Increase/decrease (%)	
	Jul.-Sept. 2011	Increase/decrease year-on-year (%)	Jan.-Sept. 2011	Increase/decrease year-on-year (%)
Total assets (Yuan)	1,637,976,373.66	1,540,732,957.65		6.31%
Owners' equity attributable to shareholders of listed company (Yuan)	26,948,200.42	54,308,600.82		-50.38%
Share capital (Share)	220,901,184.00	220,901,184.00		0.00%
Net assets per share attributable to shareholders of listed company (Yuan/share)	0.12	0.25		-52.00%
Total operation income (Yuan)	5,480,243.38	47.45%	11,962,443.99	23.07%
Net profit attributable to shareholders of listed company (Yuan)	-11,842,008.35	-77.41%	-27,360,400.40	-62.80%
Net cash flows generated from operating activities (Yuan)	-	-	-122,140,877.10	-81.78%
Net cash flows per share generated from operating activities (Yuan/share)	-	-	-0.55	-81.78%
Basic earnings per share (Yuan /share)	-0.054	-77.14%	-0.12	-62.80%
Diluted earnings per share (Yuan /share)	-0.054	-77.14%	-0.12	-62.80%
Weighted average return on net assets (%)	-24.47%	4.61%	-67.34%	-28.43%
Weighted average return on net assets after deducting extraordinary gains and losses (%)	-24.86%	-2.59%	-67.81%	-35.61%

##### Items of non-recurring gains and losses

Applicable Inapplicable

Unit: RMB Yuan

Items of non-recurring gains and losses	Amount	Notes (If applicable)
Gains and losses from disposal of non-current assets	46,178.94	
Government subsidies measured into the current period gain and loss, excluding those government subsidies closely related to the Company's business that the Company enjoyed continually at the certain standard rating and in conformity with provisions of policies of the State	450,000.00	Discount for loans for the forest business
Other non-operating income and expenses besides the above items	45,138.94	
Effect on income tax	-135,329.47	
Effect on minority interests	-216,527.15	
Total	189,461.26	-

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	17,722	
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.	20,175,157	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 ZHI QIANG	8,215,594	Domestically listed foreign shares
GUOYUAN ASSET MANAGEMENT (HONG KONG) LIMITED	7,517,620	Domestically listed foreign shares
SHENZHEN WONGTEE INVESTMENT CO., LTD.	2,202,546	RMB ordinary shares
CHEN SHU	2,149,327	Domestically listed foreign shares
ZENG HAI XING	2,148,715	Domestically listed foreign shares
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	1,892,877	Domestically listed foreign shares

### §3 Significant Events

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

Applicable Inapplicable

Monetary funds at the period-end decreased 47.43% over the year-begin, which was mainly due to the payments for construction and decoration.
Accounts receivable at the period-end decreased 40.64% over the year-begin, which was mainly because receivables were collected.
Prepayments at the period-end increased 29,190.12% over the year-begin, which was mainly due to the decoration payment for the IA Mall project.
Short-term borrowings at the period-end decreased by RMB 1,300,000,000 over the year-begin, which was mainly due to borrowing repayment.
Long-term borrowings at the period-end increased 4,281% over the year-begin, which was mainly because the Company secured borrowings.
Operating cost from the year-begin to the period-end increased 31.76% over the same period of last year, which was mainly due to the increased cost carried forward from timber selling.
Selling expense from the year-begin to the period-end decreased by RMB 978,631.60 over the same period of last year, which was mainly because no sales were conducted in this period.
Financial expense from the year-begin to the period-end decreased 92.67% over the same period of last year, which was mainly due to capitalization of the interest on project borrowings.
Non-business income from the year-begin to the period-end decreased 79.73% over the same period of last year, which was mainly due to fewer gains on fixed asset disposal in this period as compared with the same period of last year.
Non-business expense from the year-begin to the period-end decreased 99.70% over the same period of last year, which was mainly due to fewer default provisions for borrowings and construction payments this year.
Cash received from sales of goods and rendering of services from the year-begin to the

period-end increased 46.49% over the same period of last year, which was mainly due to a greater income from timber selling in this period.

Cash received from borrowings secured from the year-begin to the period-end increased 66.67% over the same period of last year, which was mainly because the Company secured more borrowings in this period.

Cash paid to repay loans from the year-begin to the period-end increased 382.72% over the same period of last year, which was mainly because the Company repaid more loans in this period.

Cash paid as dividends, profit distribution or interest from the year-begin to the period-end increased 128.03% over the same period of last year, which was mainly because the Company secured more borrowings and the interest increased accordingly in this period.

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

#### 3.2.1 Non-standard audit opinion

Applicable Inapplicable

In the 2010 Annual Audit Report, Reanda Certified Public Accountants Co., Ltd. issued the Statement on Issuing Unqualified Audit Opinion with Paragraphs of Pinpointed Matters for 2010 Annual Financial Report to Shenzhen International Enterprise Co., Ltd. Statement given by the Board of Directors about the progress in handling matters mentioned in the report are as the following:

Qualified matters:

(1) Internal-staff subscription of shops in the project of shopping center in central area of Futian District: In line with resolutions made by the Shareholders' General Meeting, the Board of Directors and the management personnel of the Company organized a special group to actively communicate and negotiate with subscribers, and kept promoting settlement and disposal of that event. On one hand, the Company, in an active manner, negotiated with subscribers for solution; on the other hand, the Company is also seeking for and demonstrating other ways, including filing a lawsuit, to solve that problem.

(2) Land use right of Rongfa East Road, Pingdi Town:

The Company has submitted relevant materials on prosecuting the transferee of equity to the court, and the court has accepted the case, but has not yet opened a court for trial.

Pinpointed matters:

The Company's continual operation ability: the Company's financing work, which was finished in the first half year, has relieved the tension of cash flow and provided capital guarantee for the construction of the project of shopping center in central area of Futian District. With such capital support, the overall decoration and promotion of the project has been carried out. It is expected that cash flow of the Company will be substantially improved after the shopping center opens.

3.2.2 Whether the Company provided funds to the controlling shareholder or its related parties or provided guarantees to external parties in violation of the prescribed procedures

Applicable Inapplicable

3.2.3 Signing and execution of significant contracts concerning routine operations

Applicable Inapplicable

3.2.4 Others

Applicable Inapplicable

A. The Company's significant lawsuits or arbitrations occurred in the reporting period

are as follows:

a. The case on contract between Shenzhen Zhongtie Property Co., Ltd. (hereinafter referred as “Zhongtie Property”) and Shenzhen Rongfa Investment Co., Ltd. (hereinafter called “Rongfa Company”) disclosed in the Company’s interim report 2011

The process of the case: In Oct. 2011, the Company received the written judgment of first instance from Shenzhen Futian District People’s Court of Guangdong Province, sentencing the Company to provide RMB 4 million of default fine to Zhongtie Property. The Company has sued to the court again.

b. The case on equity transfer dispute between Malaysia Foh Chong & Sons SDN.BHD. (hereinafter referred as “Foh Chong Company”) and Shenzhen International Enterprise Co., Ltd. disclosed in the Company’s interim report 2011

The process of the case: In Aug. 2011, the Company received the charging document from Shenzhen Intermediate People’s Court by Foh Chong Company. Up to the disclosure date of this report, the case has not been open for trial by Shenzhen Intermediate People’s Court.

c. The case on guarantee obligation dispute between Shenzhen International Enterprise Co., Ltd. and Shum Kong Industry & Trade Co., Ltd. (hereinafter referred as Shum Kong Industry & Trade) disclosed in the Company’s interim report 2011

The process of the case: The Company has put forward the objection in the stipulated time. Now the court has not judged whether the Company is qualified for joining in the properties distribution of the executed.

B. Progress in construction of internal control standards during the reporting period:

In accordance with the unified arrangement, the Company actively implemented the requirements stipulated by the Circular on Doing Well the Internal Control Pilot Work in Listed Companies in Shenzhen (Shen-Zheng-Ju-Gong-Si-Zi (2011) No. 31). The Company will actively promote the internal control construction, and establish, perfect as well as effectively implement the internal control standards.

During the reporting period, the Company promulgated the Work Plan on Implementation of Internal Control Basic Rules, which was reviewed and approved by the Board of Directors. Besides, the Company engaged external consulting organs, decided the internal control scope relevant to the financial report, convened the start-up meeting and training activities, carried out process carding and risks analysis and so on. Up to the end of Sept. 2011, in accordance with the scheme of the internal control work, the Company had finished the carding of eight processes, identified relevant risks and key controlling activities, made the defect analysis, and then put forward the suggestions on rectifying and improving the defects. In the next step, the Company will promulgate the detailed rectification and improvement program in line with its actual situation, and submit it to the Internal Control Construction Steering Committee for review and approval, then implement relevant rectification and improvement work with the approval.

In accordance with the work scheme and the implementation situation of previous internal control work, it is expected that the Company will finish the first stage internal control carding, risk analysis and appraisal work till the middle of Nov. 2011, and carry out rectification and improvement work of internal control as well as relevant testing.

C. Progress on the shopping mall project in Futian Central Business District

During the reporting period, the Company further strengthened its international business invitation team, which initiated active talks with world-famous brands. Currently, construction and decoration is in process according to the new design. Due

to many factors such as a construction halt during the World University Games held in Shenzhen, a longer construction period resulted from some changes in the project design and the business invitation progress, the opening date of the shopping mall will be changed from the end of 2011 to the end of 2012.

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

Commitments made by the Company, its directors, supervisors, senior executives, shareholders with an over 5% shareholding, actual controller and other stakeholders during the reporting period, or such commitments carried down into the reporting period:

Applicable Inapplicable

Commitment	Promisor	Contents of commitment	Implementation
Commitments concerning the share reform	-	-	Fulfilled
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.	Continue to strictly fulfill the commitments
Commitments made in significant asset reorganization	-	-	-
Commitments made when issuing shares	-	-	-
Other commitments (including supplementary ones)	-	-	-

### 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 reporting 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 Investments into securities

Applicable Inapplicable

#### 3.5.2 Researches, interviews and visits received in the reporting period

Time	Place	Way of reception	Visitor	Main discussion and materials provided by the Company
6 Sept. 2011	6/F Huang Gang Business Centre	Field research	Shareholders	The overall operation of the Company and basic situation of relevant projects

### 3.6 Investment on derivative products

Applicable Inapplicable

#### 3.6.1 Number of derivative products held at the end of the reporting period

Applicable Inapplicable