

Shenzhen International Enterprise Co., Ltd.

Abstract of the Third Quarterly Report 2012

I. Important Notes

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.

All directors attended the board session for reviewing this report.

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.

II. Company Profile

(I) Major accounting data and financial indexes

Any retrospective adjustment in previous financial statements?

☒Yes ☐No ☐Inapplicable

	30 Sept. 2012	31 Dec. 2011		Increase/decrease (%)
		Before the adjustment	After the adjustment	After the adjustment
Total assets (RMB Yuan)	1,639,605,990.87	1,537,761,372.58	1,545,337,848.28	6.1%
Owners' equity attributable to shareholders of the Company (RMB Yuan)	-37,073,594.71	-84,350,914.14	-79,115,509.33	
Share capital (share)	220,901,184.00	220,901,184	220,901,184.00	
Net assets per share attributable to shareholders of the Company (RMB Yuan/share)	-0.17	-0.38	-0.36	
	Jul.-Sept. 2012	YoY increase/decrease (%)	Jan.-Sept. 2012	YoY increase/decrease (%)
Gross operating revenues (RMB Yuan)	25,266,800.06	361.05%	59,194,124.89	394.83%
Net profit attributable to shareholders of the Company (RMB Yuan)	-19,194,570.59		48,469,187.55	
Net cash flow from operating activities (RMB Yuan)	--	--	-146,807,554.85	
Net cash flow per share from operating activities (RMB Yuan/share)	--	--	-0.66	
Basic EPS (RMB Yuan/share)	-0.0869		0.219	
Diluted EPS (RMB Yuan/share)	-0.0869		0.219	

Weighted average ROE (%)				
Weighted average ROE after deducting non-recurring gains and losses (%)				

Items of non-recurring gains and losses

√Applicable □Inapplicable

Item	Amount during Jan.-Sept. 2012 (RMB Yuan)	Notes
Gains and losses on disposal of non-current assets	100,253,485.59	Mainly the investment income gained from disposal of the equity of Shenzhen International Enterprise Business Administration Co., Ltd. and Shenzhen Longgang International Enterprise Co., Ltd.
Tax rebate, reduction or exemption due to un-authorized approval or the lack of formal approval documents		
Government grants recognized in the current year, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the country's unified standards		
Capital occupation fees received from non-financial enterprises that are included in current gains and losses		
Gains generated when the investment costs of the Company's acquiring subsidiaries, associates and joint ventures are less than the fair value of identifiable net assets in the investees attributable to the Company in the acquisition of the investments		
Exchange gains and losses of non-monetary assets		
Gains and losses through entrusting others to invest or manage assets		
Various asset impairment provisions due to acts of God such as natural disasters		
Gains and losses on debt restructuring		
Enterprise reorganization expenses, such as expenses on employee settlement and integration		
Gains and losses on the parts exceeding the fair value when prices of transactions become unfair		
Net current gains and losses from the period-begin to the combination date of subsidiaries due to business combinations under the same control		
Gains and losses on contingent matters which are irrelevant to the normal operation of the Company		
Gains and losses on fair value changes of transactional financial assets and liabilities, and investment gains on disposal of transactional financial assets and liabilities and available-for-sale financial assets, except for the effective hedging business related to the Company's normal operation		
Reversal of impairment provisions for accounts receivable which are separately tested for impairment signs		
Gains and losses on entrustment loans from external parties		
Gains and losses on fair value changes of investing properties for which the fair value method is adopted for subsequent measurement	-149,546.00	
Current gain and loss effect due to a just-for-once adjustment to current gains and losses according to requirements of taxation and accounting laws and regulations		

Custodian fee income from entrusted operations with the Company		
Other non-operating incomes and expenses besides the items above	404,308.40	
Other gain and loss items that meet the definition of non-recurring gains and losses		
Minority interests effects	-12,652,381.94	
Income tax effects		
Total	87,855,866.05	--

“Other gain and loss items that meet the definition of non-recurring gains and losses” & non-recurring gain and loss items recognized as recurring gain and loss items according to the natures and characteristics of the Company’s normal business

Item	Involved amount (RMB Yuan)	Notes

(II) Total number of shareholders and top 10 shareholders at the period-end

Total number of shareholders	13,349				
Particulars about shares held by the top ten shareholders holding tradable shares					
Name of shareholder	Number of tradable shares held at period-end	Type and number of shares			
		Type			Number
MULTI PROFIT ASIA PACIFIC INVESTMENT LTD	30,264,192	Domestically listed foreign shares			30,264,192
SHENZHEN SPECIAL ECONOMIC ZONE DEVELOPMENT (GROUP) CO., LTD.	16,275,462	RMB ordinary shares			16,275,462
UOB INVESTMENT (CHINA) LIMITED	15,528,941	Domestically listed foreign shares			15,528,941
ZHONG ZHIQIANG	8,215,594	Domestically listed foreign shares			8,215,594
GUOYUAN SECURITIES (HK) CO., LTD.	7,569,130	Domestically listed foreign shares			7,569,130
SHENZHEN WONGTEE REAL ESTATE INVESTMENT CO., LTD.	6,571,594	RMB ordinary shares			6,571,594
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	2,319,229	Domestically listed foreign shares			2,319,229
CHEN SHU	2,149,327	Domestically listed foreign shares			2,149,327
ZENG HAIXING	2,148,715	Domestically listed foreign shares			2,148,715
SHANGHAI HONG KONG WANGUO SECURITIES CO., LTD.	1,970,878	Domestically listed foreign shares			1,970,878
Particulars about shareholders					

III. Significant Events

(I) Significant changes in major accounting data, financial highlights and reasons for these changes

√Applicable □Inapplicable

Monetary funds at the period-end increased 113.80% over the year-begin, which was mainly because of the bank borrowings obtained.

Accounts receivable at the period-end increased 2,134.78% over the year-begin, which was mainly because of more amounts due from customers.

Intangible assets at the period-end decreased 99.63% over the year-begin, which was mainly because of the sale of subsidiary equity interests.

Accounts payable at the period-end decreased 91.80% over the year-begin, which was mainly because most construction payables were cleared.

Payroll payable at the period-end decreased 58.85% over the year-begin, which was mainly because some bonus provisions were made at the end of last year.

Interest payable at the period-end decreased 100.00% over the year-begin, which was mainly because all interest was paid.

Operating revenues, operating costs and operating taxes and surtaxes for the reporting period increased 394.83%, 442.94% and 625.35% over the same period of last year, which was mainly due to the sale of shops in Gangyihaoing, a real estate project.

Selling expenses for the reporting period increased RMB 22,978,028.99 over the same period of last year, which was mainly due to the increase of expenses on advertisement, leasing and sales service.

Financial expenses for the reporting period increased 48.35% over the same period of last year, which was mainly due to the decrease of borrowing interest capitalization.

Cash received from selling of goods and rendering of services increased 232.60% over the same period of last year, which was mainly due to the sale of shops in Gangyihaoing, a real estate project.

Cash paid for goods and services increased 158.19% over the same period of last year, which was mainly due to the sale of shops in Gangyihaoing, a real estate project, and the clearing of some construction payables.

(II) Progress of significant events and its influence, as well as the analysis and explanation on solutions

1. About non-standard audit opinion

√Applicable □Inapplicable

On 18 Apr 2012, China Audit International Certified Public Accountants LTD. issued audit report with emphasized paragraphs for items and qualified opinion for Y2011. Statement of the Board for change and handling of concerned items is listed below:

(1) Qualified item: Shops of staffs are classified as the Company's historical problems, which will be positively processed by the Board. Management of the Company organized a focused tem to positively communicate and process the issue with staffs who subscribed shops at that time. Besides, the Company has sued to the court regarding the item of shop subscription by some staffs, and some subscribers have sued Rongfa Company. (For details, please refer to III (II) 4 Others: Significant Events of Litigation and Arbitration)

(2) Emphasized issues:

Problems regarding sustainable operating capability of the Company:

①Operating condition of the Company will be substantially improved after the opening of Wongtee Plaza. ②With the progress of the project, the Company will further increase financing and improve liability structure, so as to meet the development need of the Company's core projects. ③The Company will continue to intensify the efforts of cash realization of forests, and has transferred standing timbers and woodland covering about 1,100 mu in total. ④In order to liquidize assets, the Company and its owned subsidiary, Rongfa Company, respectively

sold the equity of Shenzhen International Enterprise Business Administration Co., Ltd. and Shenzhen Longgang International Enterprise Co., Ltd. at a total price of RMB 120 million, which provided a certain amount of cash flow for company operation.

2. The Company offers capital to the controlling shareholder or its related parties or provides external guarantees in violation of the prescribed procedures.

☐Applicable ☒Inapplicable

3. Signing and execution of significant contracts concerning routine operation

☐Applicable ☒Inapplicable

4. Others

☒Applicable ☐Inapplicable

(1) Significant lawsuits and arbitrations involving the Company during the reporting period:

① The case on contract dispute between Shenzhen Zhongtie Property Co., Ltd. (hereinafter referred as “Zhongtie Property”) and Shenzhen Rongfa Investment Co., Ltd. (hereinafter called “Rongfa Company”):

Progress of the case: the Company received a Judgment Letter for the first instance from Shenzhen Futian District People’s Court in Oct. 2011, sentencing it to pay a penal sum of RMB 4 million to Zhongtie Property. Recently, the second instance has finished and the Company received the Civil Judgment Letter for Second Instance of Shenzhen Intermediary People’s Court ([2012] Shen-Zhong-Fa-Fang-Zhong-Zi No. 62), which stated that the appeal was dismissed and the original judgment was affirmed.

② The case on equity transfer dispute between Malaysia Foh Chong & Sons SDN.BHD. (hereinafter referred as “Foh Chong Company”, which sued the Company) and the Company:

Progress of the case: the Company received a Judgment Letter for the first instance at the end of Mar. 2012, sentencing the Company to pay the principal of RMB 20.6 million, interest and overdue penalty (For details, please refer to the Company’s announcements about significant litigation published on www.cninfo.com.cn, Securities Times, and Hong Kong Ta Kung Pao on 4 Apr 2012). Now the case is under the trial for the second instance.

During the first instance, Foh Chong Company submitted the Repayment Agreement as evidence to prove that the Company and Foh Chong Company had reached a supplementary agreement on the equity transfer sum. Regarding the signing dispute of the Repayment Agreement, the Company sued Mr. Li Jinquan, the signer of the agreement on behalf of the Company and the former chairman of the Company, to Shenzhen Luohu People’s Court. And now the case is under the trial for the first instance (For details, please refer to the Company’s announcements about significant litigation progress published on www.cninfo.com.cn, Securities Times, and Hong Kong Ta Kung Pao on 8 Sept. 2012).

③ The case on dispute for guarantee obligation recovery between the Company and Shum Kong Industry & Trade Co., Ltd. (hereinafter referred as Shum Kong Industry & Trade):

Progress of the case: The Company has received RMB 2,646,498.19 of the account for selling the sealed-up land (after deducting the paid executive expenses) in Mar. 2012 and is now looking for other ways to clear the rest of the amount.

④ The case on equity transfer dispute between Shenzhen Rongfa Investment Co., Ltd. and Shenzhen Yahaoyuan Investment Co., Ltd. (hereinafter referred as “Yahaoyuan”):

Progress of the case: In Feb. 2012, Rongfa Company received the Civil Judgment Letter from Shenzhen Longgang People’s Court. The court judged for the first instance to reject the appeal of the plaintiff. (For details, please refer to the announcements on significant lawsuits disclosed in Securities Times, Hong Kong Ta Kung Pao and <http://www.cninfo.com.cn> on 26 Oct. 2011 and 22 Feb. 2012 respectively).

The case is now under the trial for the second instance.

⑤ The case on shop subscription from staffs:

Progress of the case: In Jul. 2012, Rongfa Company received a Civil Judgment Letter for the first instance from Shenzhen Futian District People's Court regarding Shenzhen Rongfa Investment Co., Ltd.'s separate prosecution for contract dispute on commodity properties subscription of 3 people (including Chen XX, etc.).

The judgment result for the case in which Rongfa Company sued Chen XX and Li XX is listed below: The Paper of Internal Subscription signed by the plaintiff and defendants for Shops in IA Mall is legal and effective; The fulfillment of subscription paper signed by the plaintiff and defendants should be terminated; Other claims from the plaintiff are rejected; Other counterclaims from the defendants are rejected. The judgment result for the case in which Rongfa Company sued Song XX to confirm the internal subscription relation between the plaintiff and the defendant as invalid is as the following: The claim from the plaintiff, Shenzhen Rongfa Investment Co., Ltd., is rejected. And the case is now under the trial for the second instance.

In addition, Rongfa Company successively received the litigation documents related to the case in which other 7 people (including Yang XX, etc.) sued Rongfa Company regarding the event of internal subscription of shops. They required the court to decree Rongfa Company to deliver shops to the plaintiffs immediately and undertake the lawsuit charge. The aforesaid case is under the trial for the first instance.

Afterwards, 4 people including Yang XX out of the said 7 people and other 6 people including Sun XX successively sued Rongfa Company and Urban Planning, Land and Resources Commission of Shenzhen Municipality for other claim regarding the internal shop subscription issue, requesting that the court should announce that the Provision 1 "The transfer must be made as a whole and the real estate ownership certificate shall not be handled separately." In the First Supplementary Agreement to the Shenzhen Land Use Right Transfer Contract "Shen-Di-He-Zi (2002) No. 9005" signed between the two defendants is invalid (For details, please refer to the Company's announcements on significant litigation published on <http://www.cninfo.com.cn>, Securities Times, and Hong Kong Ta Kung Pao on 5 Jul. 2012 and 5 Sept. 2012 respectively). And the case is now under the trial for the first instance.

(2) Particulars about the procedures of the construction of internal control norms of the Company

According to requirements of documents such as the Basic Norms of Internal Control for Enterprises and its mating guidelines (hereinafter referred to as "internal control norms"), the Notice of CSRC Shenzhen Bureau on Doing a Better Job in Implementation of Internal Control Norms in Listed Companies in Shenzhen (SZJF [2012] No. 105) and the Notice on Doing a Good Job in Carrying out Internal Control Norms System in Listed Companies in Shenzhen Separately and in Bathes (SZJGSZ [2012] No. 66) etc., the Company continued to push forward the construction and optimization of internal control system, submitted particulars about procedures of internal control to Shenzhen CSRC in accordance with relevant requirements in the third quarter of 2012.

In the reporting period, specifics about internal work of the Company are as follows: ① The self-evaluation on internal control for the first half of 2012 was completed, self-evaluation report on internal control for the first half of 2012 was drafted and published with review and approval of the Board of Directors. As for defect on internal control revealed in self-evaluation, rectification and improvement were made. ② SDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP (hereinafter referred to as "SDO CHINA") was engaged to act as the audit unit for annual internal control for 2012 and SDO CHINA will issued an audit report on internal control as for the effectiveness of internal control of the Company as at 31 Dec. 2012. ③ Based on the internal control improvements that had been made in previous period, according to changes to the Company's actual situation and problems found in execution of the internal control process and rules, the Company revised procedures of internal control system; continued optimizing the internal control system.

(3) Procedures of shopping centre in Futian CBD

In the reporting period, the Company carried forward the construction of Wongtee Plaza project, and speeded up process in accordance with business promotion and plan of fine decoration project. Up to the reporting period, ① the transformation of civil engineering and electromechanical equipment has been completely accomplished, and the preparation of linkage debug such as electromechanical equipment, fire protection etc. has taken out. ② Both the east and the west side of wall curtain of outer elevation have been completely accomplished. Due to the amending requirements proposed by Shenzhen government on south elevation, adjustment was made on design plan. So far, reform and decoration of keel of LED display has been accomplished and the decoration of keel of north elevation has accomplished. At present, the progress of business promotion can satisfy the demand of trial-operation. It is estimated that several floors can carry out trial-operation at the end of the year, while the

detail date of opening will be confirmed regarding the progress of business promotion and project decoration that there is a chance of uncertainty.

(III) Commitments of the Company or shareholders with an over 5% shareholding made in or carried down into the reporting period

☒Applicable ☐Inapplicable

Event	Commitment maker	Commitment contents	Commitment time	Commitment period	Execution
Commitment made in a share reform					
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.	6 Aug. 2010	60 months	Strictly fulfill the commitments
Commitment made in asset exchange					
Commitment made in share issuance					
Commitments made to minority shareholders	Zheng Kanghao	Mr. Zheng Kanghao and his controlling shareholding Shenzhen Wangtee Investment Management Co., Ltd. Made the commitment that they will not reduce shares of SZIEC additionally held in the future 12 months.	13 Mar. 2012	12 months	Strictly fulfill the commitments
Commitment fulfilled in time or not	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Inapplicable				
Specific reasons for failing to fulfill the commitment and plan for the next step					
Make commitments regarding the horizontal competition and related-party transactions caused or not	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Inapplicable				
Promised deadline for solving the problem					
Ways of solving the problem					
Execution of the commitment					

(IV) Predict the 2012 annual operating results

Warnings of possible loss or large-margin change of the accumulated net profit made during the period from the beginning of the year to the end of the next reporting period compared with the same period of the last year according to prediction, as well as explanations on the reasons

☐Applicable ☒Inapplicable

(V) Other significant events that need to be explained

1. Securities investment

☐Applicable ☒Inapplicable

2. Investments in derivatives

☐Applicable ☒Inapplicable

3. Derivative investments held at the period-end

☐Applicable ☒Inapplicable

4. Researches, visits and interviews received in the reporting period

Time of reception	Place of reception	Way of reception	Visitor type	Visitor	Main discussion and materials provided by the Company
23 Aug. 2012	6/F Huang Gang Business Center	Field research	Other	Southern Metropolis Daily	The overall operation of the Company and basic situation of relevant projects

5. Corporate bonds issued

Any corporate bonds issued?

☐ Yes ☒ No