

**Shenzhen SEG Co., Ltd.**  
**The Third Quarterly Report for 2009**  
**(Full Text)**

## §1. Important Notes

1.1 Board of Directors and the Supervisory Committee of Shenzhen SEG Co., Ltd. (hereinafter referred to as the Company) and its directors, supervisors and senior executives hereby confirm that there are no any fictitious statements, misleading statements, or important omissions carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents.

1.2 All the directors presented the board meeting on discussing the Third Quarterly Report except for the following directors.

Name of absent directors	Posts of absent directors	Reasons for absence from the meeting	Name of trustee
Jia Heting	Independent Director	Business Engagement	Yang Rusheng

1.3 The Third Quarterly Financial Report of 2009 has not been audited by CPAs.

1.4 Zhang Weimin, Person in Charge of the Company; Li Lifu, Person in Charge of Accounting Work; Ying Huadong, Person in Charge of Accounting Organization (Accounting Officer) hereby confirm that the Financial Report of the Third Quarterly Report is true and complete.

## §2. Company Profile

2.1 Main accounting highlights and financial indexes:

Unit: RMB

	Sep. 30, 2009	Dec. 31, 2008	Increase/decrease scope (%)	
Total assets (RMB)	1,482,483,593.90	1,579,346,581.33	-6.13%	
Owners' equities attributable to the shareholders of listed company (RMB)	1,130,444,369.63	1,297,772,121.85	-12.89%	
Share capital (Share)	784,799,010.00	784,799,010.00	0.00%	
Net assets per share attributable to the shareholders of listed company (RMB/Share)	1.44	1.65	-12.73%	
	July-Sep. 2009	Increase/decrease over the same period of the last year (%)	Jan.-Sep. 2009	Increase/decrease over the same period of the last year (%)
Total operating income (RMB)	69,649,034.41	-11.55%	207,531,519.48	-7.97%
Net profit attributable to the shareholders of listed company (RMB)	-33,284,043.64	--	-179,367,562.66	--
Net cash flow arising from operating activities (RMB)	-	-	53,732,623.69	55.66%
Net cash flow arising from operating activities per share (RMB/Share)	-	-	0.07	55.66%
Basic earnings per share (RMB/Share)	-0.0424	--	-0.2286	--
Diluted earnings per share (RMB/Share)	-0.0424	--	-0.2286	--
Return on equity (%)	-2.94%	-3.80%	-15.87%	-18.93%

Return on equity after deducting non-recurring gains and losses (%)	-4.72%	-5.67%	-22.44%	-25.36%
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Unit: RMB

Items of non-recurring gains and losses	Amount from year begin to the end of report period	Remarks
Gains/losses from the disposal of non-current assets	81,118,913.08	
Reversal of provisions for asset impairment of account receivable which is made singly impairment test	3,900,000.00	
Other non-operating income and expense excluded the aforementioned business	1,871,101.69	
Impact on income tax	-12,530,358.96	
Total	74,359,655.81	-

## 2.2 Total number of shareholders at the end of the report period and shares held by the top ten shareholders with unrestricted conditions

Unit: Share

Total number of shareholders at the end of report period	67,864	
Particulars about the shares held by the top ten shareholders with unrestricted conditions		
Full Name of shareholder	Unrestricted shares held	Type of shares
SHENZHEN SEG GROUP CO., LTD.	237,359,666	RMB common share
GUANGZHOU FODAK ENTERPRISE GROUP CO., LTD.	18,880,334	RMB common share
Taifook Securities Company Limited-Account Client	5,550,303	Domestically listed foreign share
XU XIN HU	3,847,490	Domestically listed foreign share
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	3,448,257	Domestically listed foreign share
SHANGHAI QILE ECONOMIC AND TRADE CO., LTD.	2,804,330	RMB common share
LIU ZI LI	2,799,000	Domestically listed foreign share
ZHUANG JING PING	2,075,000	RMB common share
NORGES BANK	1,890,226	Domestically listed foreign share
JI HONG TAO	1,770,000	RMB common share

## §3. Significant events

### 3.1 Particulars about material changes in items of main accounting statement and financial index, and explanations of reasons

Applicable       Inapplicable

(I) Items of balance sheet
1. Account receivable: RMB 17,602,200 was decreased, 47.50% down over the same period-end of last year, which was mainly due to that: the Company sold equities of its subsidiary-Shenzhen SEG Communications Co., Ltd. (referred to SEG Communications later) in this report period, while account of RMB 23.52 million receivable from SEG Communications was consolidated by the Company in the same period-end of last year, which didn't happen at the end of this report period.
2. Other receivable: RMB 18,440,600 was increased, 120.89% up over the same period-end of last ye

ar, which was mainly due to that: the Company newly consolidated Changsha Xinxing Development Co., Ltd. (referred to Changsha Xinxing later) in this report period, thus correspondingly consolidated RMB 24.58 million, the other receivables of Changsha Xinxing, at the end of this period.

3. Inventory: RMB 3,183,100 was decreased, 57.71% down over the same period-end of last year, which was mainly due to that: inventory of RMB 4.81 million was consolidated by the Company at period-end of last year from SEG Communications, while no such consolidation happened at period-end of this year.

4. Long-term equity investment: RMB 314,488,600 was decreased, 56.29% down over the same period-end of last year, which was mainly due to that: in this report period, Shenzhen SEG Samsung Co., LTD. (referred to SEG Samsung later) which absorbed stock investment from the Company made a loss of RMB 1,324,210,500. For that, the Company correspondingly reduced RMB 297,347,700 in long-term equity investment.

5. Fixed assets: RMB 142,064,300 was increased, 242.47% up over the same period-end of last year, which was mainly due to that: the fixed assets of Changsha Xinxing amounting to RMB 150,967,800 were newly consolidated in this report period.

6. Construction in progress: RMB 12,104,400 was increased, 1,282.22% up over the same period-end of last year, which was mainly due to that: the construction in progress of Changsha Xinxing amounting to RMB 10,828,600 was newly consolidated in this report period.

7. Goodwill: RMB 9,986,600 was increased over the same period-end of last year, which was mainly due to the balance between the investment cost paid by the Company in this period for purchasing 46% equities of Changsha Xinxing and fair value quotient of recognizable assets of Changsha Xinxing.

8. Short-term loans: RMB 1.75 million was decreased, 100% down over the same period-end of last year, which was mainly due to that: short-term loans of RMB 1.75 million were consolidated by the Company from SEG Communications at period-end of last year, while no such consolidation happened at period-end of this year.

9. Account payable: RMB 10,952,500 was decreased, 35% down over the same period-end of last year, which was mainly due to that: account payable of RMB 26.41 million was consolidated by the Company from SEG Communications at period-end of last year, while no such consolidation happened at period-end of this year.

10. Account received in advance: RMB 34,741,500 was decreased, 30.07% down over the same period-end of last year, for rent received in advance at period-end of last year had been confirmed as operating income for individual month.

11. Tax payable: RMB 11,303,100 was increased, 107.13% up over the same period-end of last year, which was mainly due to the increase of enterprise income tax payable for this report period.

12. Deferred income tax liability: RMB 22,893,900 was increased, 7,812.53% up over the same period-end of last year, which was mainly due to that: the deferred income tax liability of Changsha Xinxing amounting to RMB 22,893,900 was newly consolidated in this report period.

#### (II) Items of profit statement

1. Operating expenses: RMB 7,764,800 was decreased, 80.58% down year-on-year, which was mainly due to that: the Company sold equities of SEG Communications and Chongqing SEG Electron Market Co., Ltd. (referred to Chongqing SEG later) in this report period, thus operating expenses occurred after the trading day had not been consolidated any longer.

2. Financial expenses: RMB 10,679,600 was decreased year-on-year, which was mainly due to that: no bank loan interests occurred during the report period, besides, part bank savings of the Company were transferred to be fixed deposit, which brought increase in interest income.

3. Assets impairment loss: RMB 2,240,800 was decreased year-on-year, which was mainly due to that:

the Company received the arrearage from Shenzhen SEG Dasheng Co., Ltd. (referred to Shendasheng later) in this report period, so depreciation reserve of RMB 3.9 million withdrawn in previous period was switched back.

4. Investment income: RMB 263,826,900 was decreased year-on-year, which was mainly due to that: SEG Samsung made a loss of RMB 1,324,210,500 in this report period, thus the Company decreased long-term equity investment of RMB 297,347,700.

5. Income tax expenses: RMB 19.61 million was increased year-on-year with increase rate of 243.63%, which was mainly due to that: the Company sold equities of SEG Samsung, Shenzhen SEG GPS Scientific Navigations Co., Ltd. (referred to SEG GPS later), SEG Communications and Chongqing SEG in this report period, which brought increase of RMB 70.98 million in income tax payable and RMB 14.19 million in income tax expenses.

### (III) Items of cash flow statement

1. Various taxes paid: RMB 29,145,700 was decreased year-on-year with decrease rate of 31.80%, which was mainly due to that: the Company sold equities of SEG Communications and Chongqing SEG in this report period, thus no amount of this item occurred from the two companies after the trading day had been consolidated.

2. Cash received from disposal of investment: RMB 96,317,600 was decreased year-on-year with decrease rate of 52.20%, which was mainly due to that: in the same period of last year, the Company received RMB 184.51 million for it sold equities of Shenzhen SEG Zhongdian Color Display Co., Ltd. at the end of 2007. Meanwhile, during this report period, the Company totally received RMB 88,192,400 for transferring equities of SEG Samsung, SEG GPS and Shendasheng, etc.

3. Cash received from returns on investments: RMB 3,528,600 was increased year-on-year with increase rate of 44.6%, which was mainly due to that: the Company received more bonuses from invested companies in this report period year-on-year.

4. Net cash received from disposal of fixed assets, intangible assets and other long-term assets: RMB 2,798,900 was decreased year-on-year with decrease rate of 86.53%, which was mainly due to that: the Company reduced sales of fixed assets in this period year-on-year.

5. Net cash received from disposal of subsidiaries and other business entities: RMB 24,476,600 was increased year-on-year, which was mainly due to the increasing cash flow-in arising from selling SEG Communications and Chongqing SEG in the report period.

6. Cash paid for purchasing and constructing of fixed assets, intangible assets and other long term assets: RMB 9,929,300 was increased year-on-year with increase rate of 257.89%, which was mainly due to the decoration expenses occurred by Changsha Xinxing in the report period.

7. Net cash paid for acquisition of subsidiaries and other business entities: RMB 67,801,300 was increased year-on-year, which was mainly due to that the Company purchased equities of Changsha Xinxing in the report period, and paid RMB 69 million for this purchase.

8. Other cash paid relating to investing activities: RMB 3.88 million was decreased year-on-year with decrease rate of 63.52%, which was mainly due to that: the Company sold equities of SEG Communications and Chongqing SEG in this report period, thus amount of this item occurred after the trading day had not been consolidated any longer.

9. Cash received from loans: RMB 60 million was decreased year-on-year, which was mainly due to that: the Company obtained bank loan amounting to RMB 60 million in the same period of last year, while no such bank loan happened in this report period.

10. Cash paid for settling the debts: RMB 94,939,700 was decreased year-on-year, which was mainly due to that: the Company returned bank loans in the same period of last year, while the Company had no bank loans in this report period.

## 3.2 Progress of significant events, their influences, and analysis and explanation of their solutions

Applicable                       Inapplicable

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

Applicable                       Inapplicable

Commitments	Content of commitments	Implementation
Commitments for Share Merger Reform	Shareholders of non-tradable A shares make relative legal commitments in accordance with Measures for the Administration of the Share Merger Reform of Listed Companies and implement the commitments. The commitments are: not trading or transferring shares within 12 months from the day of implementation of the reform; after the aforementioned time limitation was due, expired, if shareholders of original non-tradable A shares with a stake over 5% were to sell the original non-tradable A shares through listing in stock exchange, the sales volume should be no more than 5% of the total of the Company within 12 months and no more than 10% within 24 months.	The original non-circulating shareholders involved in this share merger reform all have implemented their commitments.
Commitments on share restriction for trading	Naught	Inapplicable
Commitments made in Acquisition Report or Reports on Change in Interests	Naught	Inapplicable
Commitments made in Material Assets Reorganization	Naught	Inapplicable
Commitments made in issuing	Article 5 of the Equity Transfer Agreement which the Company had signed with SEG Group at the time of the Company's listing stipulated: SEG Group permits the Company, as well as subsidiaries of the Company and affiliated companies to use the 8 registered trademarks that SEG Group has presently registered at the State Trademark Office; it also permits the Company to take the aforesaid trademarks and symbols that are similar to these marks as the symbol of the Company, as well as to use the aforesaid symbols or symbols that are similar to these symbols during the operation process; the Company doesn't have to pay S	In the report period, this commitment was still implemented according to the commitment.

	<p>EG Group any fee for the use of the aforesaid trademarks or symbols.</p>	
<p>Other commitments (including additional commitments)</p>	<p>1. According to the problem of “Your company’s existing same industry competition in the electronic market business with SEG Group” appointed by Shenzhen Securities Regulatory Bureau in 2007 at the spot investigation of the Company, the Company received SEG Group’s Consent Letter on Sep.14, 2007, with the content as follows: Our company’s familiar business in electronic market of Shenzhen with Shenzhen SEG Group Co. Ltd. occurred on the basis of historical reasons and had objective market developing background. Our Group promised that we will not have business single in the same city with Shenzhen SEG. The matter has been disclosed on China Securities, Securities Times, Hong Kong Wen Wei Po and <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> dated Sep.18, 2007.</p> <p>2. On Oct. 18<sup>th</sup> of 2007, SEG Group, the first largest shareholder of the Company, issued Commitment Letter on Strengthening Management over Non-public Information to the Company and Shenzhen Securities Regulatory Bureau, in which it was promised that our company would establish and perfect the internal control management over the acquired non-public information of listed companies; supervise the relevant information insider in our company and the actual controllers of the company not to buy the securities of your company taking advantage of the non-public information of your company; not suggest others to trade the securities of your company; not to leak the non-public information of your company and offer the list of insider in our company and actual controllers of our compan</p>	<p>In the report period, SEG Group has implemented the aforementioned commitment.</p>

	y knowing the non-public information of your company and your company could hand this name list to Shenzhen Securities Regulatory Bureau and Shenzhen Stock Exchange for records.	
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3.4 Estimation of accumulative net profit from the beginning of the year to the end of next report period to be loss probably or the warning of its material change compared with the corresponding period of the last year and explanation of reason

Applicable       Inapplicable

Forecast of performances	Losses		
	Year-begin to the end of next report period	The same period of last year	Change of increase/decrease (%)
Estimated amount of accumulative net profit(RMB'0000)	-19,000 to -24,000.00	4,857.95	Declined
Basic earnings per share(RMB/Share)	-0.2421 to -0.3058	0.0619	Declined
Explanations on forecast of performances	The main reasons for the losses of the Company: SEG Samsung which was calculated by the Company according to equity method was predicted to be in losses of RMB 1.35 billion to RMB 1.55 billion till the end of year		

3.5 Particulars about the other significant events which needed explanations

1. As the information the Company disclosed in Semi-annual Report 2009, that the Company indicted the defendant - Shenzhen SEG Commercial Machine Co., Ltd. (hereinafter referred to as Commercial Machine Co., Ltd.) and Li Zhongda about the loan and guarantee contract dissension case, with the object executed RMB 2,819,996.61, including the principal RMB 1,967,152, the interest RMB 733,233.39, and the overdue interest RMB 104,864.72. The opposite party should bear RMB 14,746.50, which is the expense for the first trial. On February 17, 2009, the Company received the account of RMB 609,693.29 through China Everbright Bank from Shenzhen Futian District People's Court, which was the repayment the defendants SEG Commercial Machine Co., Ltd and Li Zhongda owned to the Company. After the Company received the account, the account receivable from SEG Commercial Machine Co., Ltd and Li Zhongda owned to the Company was reduced. On August 14, 2009, the Company reached reconciliation and signed Reconciliation Agreement with the defendants. Till then, the case was executed completely.

2. As for the lawsuit on guarantee for expired loan amounting to RMB 10 million of Shendasheng from Shenzhen Development Bank disclosed in the Semi-annual Report 2009, the Company reached Executing Reconciliation Agreement with Shendasheng and Guangzhou Borong Investment Co., Ltd. through presidence and mediation by the court on October 13, 2009. Details refer to Notice on Progress of Significant Lawsuits of Shenzhen SEG Co., Ltd. published on Securities Times, China Securities Journal, Hong Kong Wen Wei Po and <http://www.cninfo.com.cn> dated November 7, 2008. After signing Executing Reconciliation Agreement, Shendasheng performed the duty of payment strictly according to the time and amount prescribed by Executing Reconciliation Agreement. Till August 26, 2009, Shendasheng completed the performance of the full payment duty in advance. Due to the case was completely executed, it was expected that the profit of the Company in 2009 would increased RMB 3.9 million.

3. As the information the Company disclosed in Semi-annual Report 2009, that the Company reducing 22.5% equities holding of SEG GPS, through public hanging for transfer in Shenzhen Assets and Equity Exchange, there was one intended transferee who accorded with the qualification, who was uni

ted purchaser of natural persons Chen Zhangyin and Liu Zhiwei, at the price of RMB 49,607,200. On September 18, 2009, the Company respectively signed Equity Transfer Contract with Chen Zhangyin and Liu Zhiwei, which agreed that Chen Zhangyin purchased 13.5% equities of SEG GPS at the price of 29,764,320 and Liu Zhiwei purchased 9% equities of SEG GPS at the price of 19,842,880. Details refer to Notice on Price Bidding Result of Transferring 22.5% Equities Shenzhen SEG GPS Scientific Navigations Co., Ltd. held by Shenzhen SEG Co., Ltd. published on Securities Times, China Securities Journal, Hong Kong Wen Wei Po and <http://www.cninfo.com.cn> dated September 22, 2009. Till the end of the report period, the Company received the total payment of equity transfer and completed all the procedure. The relevant matters about the equity transfer had been completed. This deal increased investment income of RMB 18.07 million for the Company and net profit attributed to listed company of RMB 14.29 million after deducting tax.

4. As the information the Company disclosed in Semi-annual Report 2009, that Changsha Xinxing whose 46% equities was held by the Company made use of its main property-Changsha Xinxing Hotel to hold electron market and do matching service, the progress of which was as follows: till the date of disclosing the report, the dismantlement of old decoration and about 50% of alteration was completed, merchant inviting work was fully started and began to sign relevant business contract with shop owners.

5. The 27<sup>th</sup> Extraordinary Meeting of the 4<sup>th</sup> Board of Directors held on July 23, 2009 discussed and approved Proposal on Controlling Subsidiary of the Company's Investing and Holding Buy-it Store, according to the development plan for making experiment and promotion of new operation mode of electron market in 2009, the subsidiary whose 91.79% equities was held by the Company – Shenzhen SEG Industry Investment Co., Ltd. held Buy-it Store (hereinafter referred to as the Project) on the 3<sup>rd</sup> Floor, Phase II in SEG Electron Market. The implementation of the Project would help to build national purchase and logistics platform and after-service platform of SEG Electronic Market. Details refer to Resolution Notice on the 27<sup>th</sup> Extraordinary Meeting of the 4<sup>th</sup> Board of Directors of Shenzhen SEG Co., Ltd. published on Securities Times, China Securities Journal, Hong Kong Wen Wei Po and <http://www.cninfo.com.cn> dated July 24, 2009. Buy-it Store operated well since it started on October 1, 2009.

6. The 29<sup>th</sup> Extraordinary Meeting of the 4<sup>th</sup> Board of Directors held on September 7, 2009 discussed and approved Proposal on Providing Loan of RMB 40 million to Changsha Xinxing Development Co., Ltd., which agreed to provide loan of RMB 40 million to Changsha Xinxing Development Co., Ltd. (taking 100% capital of Changsha Xinxing needs), with the term of 1 year. The capital annual occupation rate of the loan was calculated by the bank loan rate at the same time. Changsha Xinxing and its owned property – Changsha Xinxing Hotel (whose evaluated value was RMB 153.5 million) was mortgaged to the Company as pawn and timely dealt with relevant registration procedure. Details refer to Resolution Notice on the 29<sup>th</sup> Extraordinary Meeting of the 4<sup>th</sup> Board of Directors of Shenzhen SEG Co., Ltd. published on Securities Times, China Securities Journal, Hong Kong Wen Wei Po and <http://www.cninfo.com.cn> dated September 9, 2009. At present, the matters about the loan were strictly implemented as the resolution of the Board.

7. In September 2009, SEG Electron Market was appraised as Specialized Market of Shenzhen Top Ten Brand Affecting China in the activity of promoting Shenzhen Top Ten Brand Affecting China which hosted by Shenzhen Special Zone Newspaper and Shenzhen Trade Promotion Council.

### 3.5.1 Activities on receiving research, communication and interview in the report period

Date	Place	Way	The received parties	Contents discussed and materials supplied
Aug. 24, 2009	The Company	Telephone communication	Shareholder	Progress of transferring equities of SEG GPS held by the Company
Sep. 25, 2009	The Company	Telephone communic	Shareholder	Progress of transferring equities of

		ation		SEG GPS held by the Company
Sep. 28, 2009	The Company	Telephone communication	Shareholder	Get to know the basic information of the Company

### 3.6 Particulars about derivatives investment

Applicable      Inapplicable

#### 3.6.1 Particulars about the positions of derivatives investment at the end of report period

Applicable      Inapplicable

## §4. Appendix

### 4.1 Balance sheet

Prepared by Shenzhen SEG Co., Ltd.

Sep. 30, 2009

Unit: RMB

Items	Balance at period-end		Balance at year-begin	
	Consolidation	Parent Company	Consolidation	Parent Company
Current assets:				
Monetary funds	471,494,324.48	345,592,524.65	404,242,883.22	298,174,785.87
Settlement provisions				
Capital lent				
Transaction finance asset				
Notes receivable				
Accounts receivable	19,451,902.18	484,263.50	37,054,146.68	114,405.00
Accounts paid in advance	20,359,038.84	8,231,170.38	17,057,981.59	103,686.00
Insurance receivable				
Reinsurance receivables				
Contract reserve of reinsurance receivable				
Interest receivable				
Dividend receivable				9,003,495.72
Other receivables	33,695,214.36	40,660,265.27	15,254,619.90	5,126,240.74
Purchase restituted finance asset				
Inventories	2,333,011.89		5,516,156.86	
Non-current asset due within one year				
Other current assets				
Total current assets	547,333,491.75	394,968,223.80	479,125,788.25	312,522,613.33
Non-current assets:				
Granted loans and advances				
Finance asset available for sales	3,456,633.62	3,075,544.38	3,430,544.62	3,240,000.00
Held-to-maturity investme				

nt					
Long-term receivable	account				
Long-term investment	equity	244,242,440.15	425,550,039.55	558,731,067.54	699,626,421.58
Investment property		447,063,546.46	351,249,072.95	458,389,203.22	359,248,359.77
Fixed assets		200,654,943.33	23,488,579.03	58,590,599.71	24,141,470.09
Construction in progress		13,048,450.18	218,000.00	944,020.90	144,020.90
Engineering material					
Disposal of fixed asset					
Productive biological asset					
Oil and gas asset					
Intangible assets		505,248.44	437,620.32	696,404.07	603,250.98
Expense on Research and Development					
Goodwill		9,986,646.66	0.00		
Long-term expenses to be apportioned		9,082,290.98	925,916.29	10,446,371.09	289,203.75
Deferred income tax asset		7,109,902.33	5,715,052.39	8,992,581.93	6,417,052.39
Other non-current asset					
Total non-current asset		935,150,102.15	810,659,824.91	1,100,220,793.08	1,093,709,779.46
Total assets		1,482,483,593.90	1,205,628,048.71	1,579,346,581.33	1,406,232,392.79
Current liabilities:					
Short-term loans		0.00		1,750,000.00	
Loan from central bank					
Absorbing deposit and interbank deposit					
Capital borrowed					
Transaction financial liabilities					
Notes payable					
Accounts payable		20,339,896.20	2,044,109.00	31,292,433.86	1,807,725.20
Accounts received in advance		80,777,270.73	40,569,611.70	115,518,738.97	66,715,671.72
Selling financial asset of repurchase					
Commission charge and commission payable					
Wage payable		1,418,331.21	36,450.86	6,163,381.62	4,470,461.55
Taxes payable		21,853,863.74	24,579,152.66	10,550,796.11	7,117,965.59
Interest payable					
Dividend payable		772,927.84		854,903.47	153,403.29
Other accounts payable		107,146,112.42	42,871,727.67	83,079,536.95	34,036,324.33
Reinsurance payables					
Insurance contract reserve					
Security trading of agency					
Security sales of agency					

Non-current liabilities due within 1 year				
Other current liabilities				
Total current liabilities	232,308,402.14	110,101,051.89	249,209,790.98	114,301,551.68
Non-current liabilities:				
Long-term loans				
Bonds payable				
Long-term account payable				
Special accounts payable				
Projected liabilities	2,728,268.64	2,728,268.64	3,038,218.64	2,728,268.64
Deferred income tax liabilities	23,186,944.68	270,243.20	293,041.01	270,243.20
Other non-current liabilities				
Total non-current liabilities	25,915,213.32	2,998,511.84	3,331,259.65	2,998,511.84
Total liabilities	258,223,615.46	113,099,563.73	252,541,050.63	117,300,063.52
Owner's equity (or shareholders' equity):				
Paid-in capital (or share capital)	784,799,010.00	784,799,010.00	784,799,010.00	784,799,010.00
Capital public reserve	378,988,708.35	375,202,623.01	351,257,039.42	347,597,818.69
Less: Inventory shares				
Reasonable reserve				
Surplus public reserve	102,912,835.67	102,912,835.67	102,912,835.67	102,912,835.67
Provision of general risk				
Retained profit	-135,707,408.41	-170,385,983.70	59,356,134.45	53,622,664.91
Balance difference of foreign currency translation	-548,775.98		-552,897.69	
Total owner's equity attributable to parent company	1,130,444,369.63	1,092,528,484.98	1,297,772,121.85	1,288,932,329.27
Minority interests	93,815,608.81		29,033,408.85	
Total owner's equity	1,224,259,978.44	1,092,528,484.98	1,326,805,530.70	1,288,932,329.27
Total liabilities and owner's equity	1,482,483,593.90	1,205,628,048.71	1,579,346,581.33	1,406,232,392.79

## 4.2 Profit statement in the report period

Prepared by Shenzhen SEG Co., Ltd.

July-Sep. 2009

Unit: RMB

Items	This period		The same period of last year	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Total operating income	69,649,034.41	24,901,333.58	78,748,384.64	24,112,908.11
Including: Operating income	69,649,034.41	24,901,333.58	78,748,384.64	24,112,908.11
Interest income	0.00	0.00		
Insurance gained	0.00	0.00		
Commission charge and commission income	0.00	0.00		
II. Total operating cost	60,930,535.31	18,733,355.32	66,946,868.77	16,458,640.52

Including: Operating cost	45,631,991.25	10,528,239.12	47,133,018.37	10,961,998.45
Interest expense	0.00	0.00		
Commission charge and commission expense	0.00	0.00		
Cash surrender value	0.00	0.00		
Net amount of expense of compensation	0.00	0.00		
Net amount of withdrawal of insurance contract reserve	0.00	0.00		
Bonus expense of guarantee slip	0.00	0.00		
Reinsurance expense	0.00	0.00		
Operating tax and extras	3,098,039.40	1,515,160.09	3,007,555.90	973,874.75
Sales expenses	517,742.59	0.00	4,068,450.23	
Administration expenses	10,424,300.72	4,604,674.13	12,703,080.89	4,193,377.34
Financial expenses	-1,018,648.58	-191,827.95	102,329.42	329,389.98
Losses of devaluation of asset	2,277,109.93	2,277,109.93	-67,566.04	
Add: Changing income of fair value(Loss is listed with "-")	0.00	0.00		
Investment income (Loss is listed with "-")	-19,372,478.15	-42,018,452.74	3,076,574.47	3,846,574.47
Including: Investment income on affiliated company and joint venture	-73,707,920.10	-73,707,920.10	3,076,574.47	3,846,574.47
Exchange income (Loss is listed with "-")	0.00	0.00		
III. Operating profit (Loss is listed with "-")	-10,653,979.05	-35,850,474.48	14,878,090.34	11,500,842.06
Add: Non-operating income	92,009.24	622,265.73	261,616.15	853.00
Less: Non-operating expense	150,160.71	20,140.95	1,546,562.26	34,915.60
Including: Disposal loss of non-current asset	0.00	0.00		
IV. Total Profit (Loss is listed with "-")	-10,712,130.52	-35,248,349.70	13,593,144.23	11,466,779.46
Less: Income tax expense	23,276,831.74	23,143,260.75	1,369,790.84	
V. Net profit (Net loss is listed with "-")	-33,988,962.26	-58,391,610.45	12,223,353.39	11,466,779.46
Net profit attributable to owner's of parent company	-33,284,043.64	-58,391,610.45	11,078,500.73	11,466,779.46
Minority shareholders' gains and losses	-704,918.62	0.00	1,144,852.66	
VI. Earnings per share				
i. Basic earnings per share	-0.0424	-0.0744	0.0141	0.0146
ii. Diluted earnings per share	-0.0424	-0.0744	0.0141	0.0146
VII. Other consolidated income				
VIII. Total consolidated income	-33,988,962.26	-58,391,610.45	12,223,353.39	11,466,779.46
Total consolidated income attributable to owners of parent company	-33,284,043.64	-58,391,610.45	11,078,500.73	11,466,779.46
Total consolidated income attribut	-704,918.62	0.00	1,144,852.66	

able to minority shareholders				
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## 4.3 Profit statement from year-begin to the end of report period

Prepared by Shenzhen SEG Co., Ltd.

Jan.-Sep. 2009

Unit: RMB

Items	Amount in this period		Amount in last period	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Total operating income	207,531,519.48	79,179,967.63	225,495,716.30	74,621,136.54
Including: Operating income	207,531,519.48	79,179,967.63	225,495,716.30	74,621,136.54
Interest income	0.00			
Insurance gained	0.00			
Commission charge and commission income	0.00			
II. Total operating cost	153,332,297.18	41,519,495.41	185,962,872.88	51,081,533.66
Including: Operating cost	124,263,257.75	30,831,442.86	127,206,369.01	32,871,382.41
Interest expense	0.00			
Commission charge and commission expense	0.00			
Cash surrender value	0.00			
Net amount of expense of compensation	0.00			
Net amount of withdrawal of insurance contract reserve	0.00			
Bonus expense of guarantee slip	0.00			
Reinsurance expense	0.00			
Operating tax and extras	9,454,025.01	4,626,820.01	8,556,605.73	2,869,966.52
Sales expenses	1,870,791.51	0.00	9,635,611.98	
Administration expenses	26,666,169.58	13,409,051.54	36,565,888.21	13,002,313.55
Financial expenses	-7,244,756.60	-5,724,928.93	3,434,828.20	2,337,871.18
Losses of devaluation of asset	-1,677,190.07	-1,622,890.07	563,569.75	
Add: Changing income of fair value(Loss is listed with "-")	0.00	0.00		
Investment income (Loss is listed with "-")	-205,523,356.85	-224,456,041.06	10,883,711.58	24,352,502.07
Including: Investment income on affiliated company and joint venture	-287,789,592.30	-287,789,592.30	10,883,711.58	24,352,502.07
Exchange income (Loss is listed with "-")	0.00	0.00		
III. Operating profit (Loss is listed with "-")	-151,324,134.55	-186,795,568.84	50,416,555.00	47,892,104.95
Add: Non-operating income	2,131,072.31	1,646,302.13	3,770,741.03	11,782.79
Less: Non-operating expense	259,970.62	20,140.95	1,838,994.73	34,915.60
Including: Disposal loss of non-current asset				
IV. Total Profit (Loss is listed with "-")	-149,453,032.86	-185,169,407.66	52,348,301.30	47,868,972.14
Less: Income tax expense	27,662,817.32	23,143,260.75	8,050,252.45	3,689,469.10
V. Net profit (Net loss is listed with "-")	-177,115,850.18	-208,312,668.41	44,298,048.85	44,179,503.04

h “-”)				
Net profit attributable to owner's of parent company	-179,367,562.66	-208,312,668.41	39,779,889.37	44,179,503.04
Minority shareholders' gains and losses	2,251,712.48	0.00	4,518,159.48	
VI. Earnings per share				
i. Basic earnings per share	-0.2286	-0.2654	0.0507	0.0563
ii. Diluted earnings per share	-0.2286	-0.2654	0.0507	0.0563
VII. Other consolidated income				
VIII. Total consolidated income	-177,115,850.18	-208,312,668.41	44,298,048.85	44,179,503.04
Total consolidated income attributable to owners of parent company	-179,367,562.66	-208,312,668.41	39,779,889.37	44,179,503.04
Total consolidated income attributable to minority shareholders	2,251,712.48	0.00	4,518,159.48	

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

Prepared by Shenzhen SEG Co., Ltd.

Jan.-Sep. 2009

Unit: RMB

Items	Amount in this period		Amount in last period	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Cash flows arising from operating activities:				
Cash received from selling commodities and providing labor services	260,617,110.94	65,802,614.72	266,585,938.69	67,626,717.33
Net increase of customer deposit and interbank deposit	0.00	0.00		
Net increase of loan from central bank	0.00	0.00		0.00
Net increase of capital borrowed from other financial institution	0.00	0.00		0.00
Cash received from original insurance contract fee	0.00	0.00		0.00
Net cash received from reinsurance business	0.00	0.00		0.00
Net increase of insured savings and investment	0.00	0.00		0.00
Net increase of disposal of transaction financial asset	0.00	0.00		0.00
Cash received from interest, commission charge and commission	0.00	0.00		0.00
Net increase of capital borrowed	0.00	0.00		0.00
Net increase of returned business capital	0.00	0.00	0.00	0.00
Write-back of tax received	0.00	0.00	3,536.12	0.00
Other cash received concerning operating activities	119,356,205.53	88,657,283.34	102,972,103.24	85,573,057.61
Subtotal of cash inflow arising from operating activities	379,973,316.47	154,459,898.06	369,561,578.05	153,199,774.94

Cash paid for purchasing commodities and receiving labor service	108,660,440.53	6,938,390.43	109,565,776.15	20,477,419.41
Net increase of customer loans and advances	0.00	0.00	0.00	0.00
Net increase of deposits in central bank and interbank	0.00	0.00	0.00	0.00
Cash paid for original insurance contract compensation	0.00	0.00	0.00	0.00
Cash paid for interest, commission charge and commission	0.00	0.00	0.00	0.00
Cash paid for bonus of guarantee slip	0.00	0.00	0.00	0.00
Cash paid to/for staff and workers	29,902,646.33	15,605,792.88	29,451,902.58	10,783,525.78
Taxes paid	62,501,960.96	43,323,819.59	91,647,642.64	73,012,916.71
Other cash paid concerning operating activities	125,175,644.96	105,965,276.86	104,377,115.85	49,917,721.45
Subtotal of cash outflow arising from operating activities	326,240,692.78	171,833,279.76	335,042,437.22	154,191,583.35
Net cash flows arising from operating activities	53,732,623.69	-17,373,381.70	34,519,140.83	-991,808.41
II. Cash flows arising from investing activities:				
Cash received from recovering investment	88,192,419.25	87,622,419.25	184,510,000.00	184,510,000.00
Cash received from investment income	11,440,899.88	23,681,889.13	7,912,256.34	20,709,404.69
Net cash received from disposal of fixed, intangible and other long-term assets	435,620.00	0.00	3,234,571.99	0.00
Net cash received from disposal of subsidiaries and other units	24,511,448.87	38,280,000.00	34,814.40	0.00
Other cash received concerning investing activities	0.00	0.00	0.00	0.00
Subtotal of cash inflow from investing activities	124,580,388.00	149,584,308.38	195,691,642.73	205,219,404.69
Cash paid for purchasing fixed, intangible and other long-term assets	13,779,480.64	550,510.00	3,850,165.51	705,022.00
Cash paid for investment	0.00	69,000,000.00	0.00	0.00
Net increase of mortgaged loans	0.00	0.00	0.00	0.00
Net cash received from subsidiaries and other units	67,801,287.47	0.00	0.00	0.00
Other cash paid concerning investing activities	2,228,261.00	0.00	6,108,315.04	6,108,315.04
Subtotal of cash outflow from investing activities	83,809,029.11	69,550,510.00	9,958,480.55	6,813,337.04
Net cash flows arising from investing activities	40,771,358.89	80,033,798.38	185,733,162.18	198,406,067.65
III. Cash flows arising from financing activities				

Cash received from absorbing investment	0.00	0.00	0.00	0.00
Including: Cash received from absorbing minority shareholders' investment by subsidiaries	0.00	0.00	0.00	0.00
Cash received from loans	0.00	0.00	60,000,000.00	60,000,000.00
Cash received from issuing bonds	0.00	0.00	0.00	0.00
Other cash received concerning financing activities	0.00	0.00	1,233,466.28	1,191,357.20
Subtotal of cash inflow from financing activities	0.00	0.00	61,233,466.28	61,191,357.20
Cash paid for settling debts	60,293.72	0.00	95,000,000.00	85,000,000.00
Cash paid for dividend and profit distributing or interest paying	23,123,489.44	15,242,627.67	21,134,312.59	17,505,274.49
Including: Dividend and profit of minority shareholder paid by subsidiaries	0.00	0.00	0.00	0.00
Other cash paid concerning financing activities	0.00	0.00	0.00	0.00
Subtotal of cash outflow from financing activities	23,183,783.16	15,242,627.67	116,134,312.59	102,505,274.49
Net cash flows arising from financing activities	-23,183,783.16	-15,242,627.67	-54,900,846.31	-41,313,917.29
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	2,065.97	0.00	-45,516.56	0.00
V. Net increase of cash and cash equivalents	71,322,265.39	47,417,789.01	165,305,940.14	156,100,341.95
Add: Balance of cash and cash equivalents at the period -begin	400,172,059.09	298,174,735.64	261,303,787.50	159,993,220.40
VI. Balance of cash and cash equivalents at the period -end	471,494,324.48	345,592,524.65	426,609,727.64	316,093,562.35

## 4.5 Auditor' report

Auditor's opinions: Un-audited