

**SHENZHEN SEG CO., LTD.**  
**The First Quarterly Report 2010 (Full Text)**

## §1. Important Notes

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

1.2 The First Quarterly Financial Report of 2010 has not been audited by CPAs.

1.3 Zhang Weimin, Principal of the Company, Li Lifu, Person in Charge of Accounting Affairs and Ying Huadong, Person in Charge of Accounting Organ (Accounting Supervisor) hereby confirm that the Financial Report of the First Quarterly Report is true and complete.

## §2. Company Profile

### 2.1 Main accounting data and financial indexes:

Unit: RMB

	At the end of report period	At the period-end of last year	Changes of increase/decrease (%)
Total assets (RMB)	1,381,542,466.01	1,359,490,387.43	1.62%
Owners' equity attributable to shareholders of listed company (RMB)	1,044,336,545.89	1,015,659,488.47	2.82%
Share capital (Share)	784,799,010.00	784,799,010.00	0.00%
Net asset per share attributable to shareholders of listed company (RMB/Share)	1.331	1.294	2.86%
	In the report period	The same period of last year	Changes of increase/decrease (%)
Total operating income (RMB)	91,307,818.05	67,892,989.04	34.49%
Net profit attributable to shareholders of listed company (RMB)	15,759,677.99	-88,214,473.65	-117.87%
Net cash flow arising from operating activities (RMB)	17,840,734.06	13,913,598.52	28.23%
Net cash flow arising from operating activities per share (RMB/Share)	0.0227	0.0177	28.25%
Basic earnings per share (RMB/Share)	0.0201	-0.1124	-117.87%
Diluted earnings per share (RMB/Share)	0.0201	-0.1124	-117.87%
Weighted average return on equity (%)	1.53%	-6.79%	8.32%
Weighted average return on equity after deducting non-recurring gains and losses (%)	1.53%	-7.08%	8.61%

Items of non-recurring gains and losses	Amount from year-beginning to the end of report period

Other non-operating income and expenditure except for the aforementioned items	97,850.12
Influenced amount of income tax	-21,527.03
Influenced amount of minority shareholders' equity	-31,864.37
Total	44,458.72

#### Explanations of items of significant non-recurring gains and losses

<p>1. Other non-operating income and expenditure except for the aforementioned items: mainly the damages for breach of contract received by the Company;</p> <p>2. Influenced amount of income tax: the influenced amount of deductible income tax increased due to the profit increase because of the aforementioned item;;</p> <p>3. Influenced amount of minority shareholders' equity: this item increased due to the increase of the aforementioned No.1 item of controlling subsidiary of the Company.</p>
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#### 2.2 Total number of shareholders at the end of the report period and shares held by the top ten shareholders without restricted conditions

Unit: Share

Total number of shareholders at the end of report period	59,152	
Particulars about the shares held by the top ten tradable shareholders without restricted conditions		
Full name of shareholder	Amount of tradable shares without restricted conditions held at the end of report period	Type of shares
SHENZHEN SEG GROUP CO., LTD.	237,359,666	RMB ordinary shares
GUANGZHOU FODAK ENTERPRISE GROUP CO., LTD.	18,880,334	RMB ordinary shares
Yang Zhihui	12,582,734	RMB ordinary shares
Taifook Securities Company Limited-Account Client	5,758,103	Domestically listed foreign shares
Gong Qianhua	5,560,967	Domestically listed foreign shares
Zeng Ying	4,280,048	Domestically listed foreign shares
Zhu Wei	4,066,739	RMB ordinary shares
Tang Lizhu	3,796,200	RMB ordinary shares
SHANGHAI QILE ECONOMIC AND TRADE CO., LTD.	2,754,330	RMB ordinary shares
Cao Xianhua	2,702,000	RMB ordinary shares

### §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. Balance sheet item				
Item	Mar. 31, 2010	Dec. 31, 2009	Balance	Proportion of

				changes %
Inventory	1,919,437.27	5,886,392.39	-3,966,955.12	-67.39%
Construction in progress	9,776,526.68	26,192,075.55	-16,415,548.87	-62.67%
Staff salaries payable	1,172,559.95	4,261,476.99	-3,088,917.04	-72.48%

1. Inventory: decreased by RMB 3.97 million with a fall of 67.39% over the end of last year, which was mainly because the inventories of the Company decreased in the report period.

2. Construction in progress: decreased by RMB 16.42 million with a fall of 62.67% over the end of last year. Its reason was that the construction in progress of the subsidiary Changsha SEG Development Co., Ltd. (hereinafter referred to as Changsha SEG) was completed and then transferred into fixed assets in the report period.

3. Staff salaries payable: decreased by RMB 3.09 million with a fall of 72.48% over the end of last year. Its reason was that the Company paid the staff for salaries in the report period.

## II. Income statement item

Item	Amount in this period	Amount in the same period of last year	Balance	Proportion of changes %
Operating income	91,307,818.05	67,892,989.04	23,414,829.01	34.49%
Operating cost	56,496,489.22	31,746,485.69	24,750,003.53	77.96%
Operating tax and extras	3,724,614.30	3,012,887.52	711,726.78	23.62%
Sales expense	1,370,260.25	906,378.64	463,881.61	51.18%
Losses from devaluation of assets	-	-1,500,000.00	1,500,000.00	-100.00%
Investment gains	-3,029,152.47	-115,823,698.14	112,794,545.67	-97.38%
Operating profit	23,529,850.53	-85,166,016.78	108,695,867.31	-127.63%
Non-operating income	139,079.30	1,620,912.10	-1,481,832.80	-91.42%
Non-operating expenditure	41,229.18	100,985.93	-59,756.75	-59.17%
Total profits	23,627,700.65	-83,646,090.61	107,273,791.26	-128.25%
Income tax expense	5,951,587.04	2,313,487.22	3,638,099.82	157.26%
Net profit	17,676,113.61	-85,959,577.83	103,635,691.44	-120.56%
Net profit attributable to owners of parent company	15,759,677.99	-88,214,473.65	103,974,151.64	-117.87%
Basic earnings per share	0.0201	-0.1124	0.1325	-117.87%
Diluted earnings per share	0.0201	-0.1124	0.1325	-117.87%
Other consolidated income	12,964,835.24	-574,782.68	13,539,617.92	-2355.61%
Total consolidated income	30,640,948.85	-86,534,360.52	117,175,309.37	-135.41%
Total consolidated income attributable to owners of parent company	28,677,057.42	-88,896,727.63	117,573,785.05	-132.26%

1. Operating income: increased by RMB 23.41 million with an increase of 34.49% over the same period of last year. The main reasons were i. In the report period, Changsha SEG and Changsha Hotel of Shenzhen Mellow Orange Business Hotel Management Co., Ltd. (hereinafter referred to as Mellow Orange Hotel) started operation which increased the operating income of the Company; ii. Income from Buy-it Store increased compared with the same period of last year.

2. Operating cost: increased by RMB 24.75 million with an increase of 77.96% over the same period of last year. The main reason was the increase of operating income caused the increase of operating cost accordingly.

3. Operating tax and extras: increased by RMB 710,000 with an increase of 23.62% over the same period of last year. The main reason was the increase of operating income caused the increase of

operating tax and extras accordingly.

4. Sales expense: increased by RMB 460,000 with an increase of 51.18% over the same period of last year. The main reason was the increase of operating income caused the increase of sales expense accordingly.

5. Losses from devaluation of assets: no losses from devaluation of assets occurred in the report period, whereas that was RMB -1.5 million in the same period of last year. The main reasons was part of account receivable which had been withdrawn losses of bad debts in the same period of last year was taken back through lawsuit.

6. Investment gains: increased by RMB 112.79 million over the same period of last year. The main reason was the losses of Shenzhen SEG Samsung Co., Ltd. (hereinafter referred to as SEG Samsung) in which the Company holds 22.45% of its equity decreased in the report period over the same period of last year.

7. Operating profit: increased largely over the same period of last year. The main reasons were the losses of SEG Samsung in which the Company holds 22.45% of its equity decreased in the report period over the same period of last year causing a large decrease in investment losses.

8. Non-operating income: decreased by RMB 1.48 million with a decrease of 91.42% over the same period of last year. The main reasons were the Company switched back the account payable which it did not need to pay in the same period of last year, but no such switch-back occurred in the report period.

9. Total profits: increased largely over the same period of last year. The main reason was the same as that of Item 7.

10. Income tax expense: increased by RMB 3.64 million with an increase of 157.26% over the same period of last year. The main reason was the profit payable of this report year went up and income tax rate of this report year in Shenzhen also grew.

11. Net profit: increased largely over the same period of last year. The main reason was the same as that of Item 7.

12. Net profit attributable to owners of parent company: increased largely over the same period of last year. The main reason was the same as that of Item 7.

13. Basic earnings per share: increased largely over the same period of last year. The main reasons were the same with Item 7.

14. Diluted earnings per share: increased largely over the same period of last year. The main reason was the same as that of Item 7.

15. Other consolidated income: increased by RMB 13.54 million largely over the same period of last year. The main reason was in the report period, SEG Samsung in which the Company holds 22.45% of its equity received the financial support funds amounting to RMB 56 million from its shareholder Samsung Corning Investment Co., Ltd., thus RMB 12.57 million was added into other consolidated income of the Company.

16. Total consolidated income: increased largely over the same period of last year. The main reasons were the same as that of Items 7 and 15.

17. Total consolidated income attributable to owners of parent company: increased largely over the same period of last year. The main reason was the same as that of Items 7 and 15.

### III. Cash flow statement item

Item	Amount in this period	Amount in the same period of last year	Balance	Proportion of changes %
Other cash received relating to operating activities	64,583,939.97	35,621,486.09	28,962,453.88	81.31%
Cash paid to/for staff and workers	11,883,672.35	9,605,770.00	2,277,902.35	23.71%

Other cash paid relating to operating activities	53,590,151.50	31,135,749.73	22,454,401.77	72.12%
Cash received from recovering investment	0.00	2,198,720.24	-2,198,720.24	-100.00%
Net cash received from disposal of fixed, intangible and other long-term assets	15,444.00	141,500.00	-126,056.00	-89.09%
Net cash received from disposal of subsidiaries and other units	0.00	34,229,363.41	-34,229,363.41	-100.00%
Cash paid for purchasing fixed, intangible and other long-term assets	4,591,584.05	701,547.00	3,890,037.05	554.49%
Cash paid for investment	0.00	53,030,000.00	-53,030,000.00	-100.00%

1. Other cash received relating to operating activities: increased by RMB 28.96 million with an increase of 81.31% over the same period of last year. The main reasons were i. items of newly-opened Changsha SEG and Mellow Orange Hotel in the report period and newly-increased Buy-it Store in last May increased; ii. The general cashing business was developed in the electronic market, so the goods payment received on behalf of merchants increased.

2. Cash paid to/for staff and workers: increased by RMB 2.28 million with an increase of 23.71% over the same period of last year. The main reasons were in the report period, Changsha SEG and Mellow Orange Hotel started operations, and the staff in Buy-it Store added increasing the salaries payable to the staff of the three companies.

3. Other cash paid relating to operating activities: increased by RMB 22.45 million with an increase of 72.12% over the same period of last year. The main reasons were i. items of Changsha SEG and Mellow Orange Hotel newly-opened in the report period and Buy-it Store newly-increased last year increased; ii. The general cashing business was developed in the electronic market, the goods payment returning to merchants increased.

4. Cash received from recovering investment: decreased by RMB 2.2 million over the same period of last year. The main reason was in the same period of last year, the Company reduced the shares of Shenzhen Zero-Seven Co., Ltd. held by the Company amounting to 530,000, but no such sales occurred in the report period.

5. Net cash received from disposal of fixed, intangible and other long-term assets: decreased by RMB 130,000 with a decrease of 89.09% over the same period of last year. The main reasons was the amount of fixed assets disposal in the same period of last year was bigger.

6. Net cash received from disposal of subsidiaries and other units: decreased by RMB 34.23 million over the same period of last year. The main reasons was in the same period of last year, the Company received the equity account on selling former subsidiaries Shenzhen SEG Communications Co., Ltd, but no such sales of subsidiary occurred in the report period.

7. Cash paid for purchasing fixed, intangible and other long-term assets: increased by RMB 3.89 million with an increase of 554.49% over the same period of last year. The main reasons were: the newly-opened Changsha SEG and Mellow Orange Hotel purchased fixed assets in the report period, thus the item increased.

8. Cash paid for investment: decreased by RMB 55.03 million over the same period of last year. The main reason was in the same period of last year, the Company purchased 46 percent of the equity of Changsha SEG, but no such expenditure of equity acquisition occurred in the report period.

### 3.2 Analysis and explanation of significant events and their influence and solutions

Applicable                       Inapplicable

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

√ Applicable      □ Inapplicable

Item of Commitments	Promisee	Content of commitments	Implementation
Commitments on Share Merger Reform	Inapplicable	--	--
Commitments on share restricted trade	Inapplicable	--	--
Commitments made in Acquisition Report or Reports on Change in Equity	Inapplicable	--	--
Commitments made in Material Assets Reorganization	Inapplicable	--	--
Commitments made in issuance	Shenzhen SEG Group Co., Ltd.	Article 5 of the <i>Equity Transfer Agreement</i> 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 its 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 SEG Group any fee for the use of the aforesaid trademarks or symbols.	In the report period, this commitment was still executed according to the commitment.
Other commitments (including additional commitments)	Shenzhen SEG Group Co., Ltd.	According to the problem of "Your company's existing same industry competition in the electronic market business with SEG	In the report period, controlling shareholder abided by the above commitment.

		<p>Group” pointed out by Shenzhen Securities Regulatory Bureau in 2007 at the spot investigation of the Company, the Company received written <i>Commitment Letter</i> from SEG Group on Sep.14, 2007 and the content was as follows: our Group has similar business in Shenzhen electronic market with Shenzhen SEG Co., Ltd. (Shenzhen SEG), and the business was resulted by history and it has objective market development background. The Group made commitment: For the future, we do not operate on the market which is similar to Shenzhen SEG singly in the same city. The aforesaid matters have been disclosed in <i>Securities Times</i>, <i>China Securities Journal</i> and <i>Hong Kong Wen Wei Po</i> and Juchao Website dated Sep. 18, 2007. In the report period, the holding company observed the above commitment.</p>	
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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 a loss probably or the warning of its material change compared with the same period of last year and explanation of its reason

Applicable       Inapplicable

Fore-notice of performances	Carry-back of losses			
	Year-beginning 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)	Approximately 1,600.00 to 2,700.00	-14,608.35	--	--
Basic earnings per share (RMB/Share)	Approximately 0.0204 to	-0.1861	--	--

	0.0344			
Explanations fore-notice performances	on of	(1) SEG Samsung in which the Company holds its equity is predicted to suffer a loss accumulatively from RMB 30 million to RMB 50 million from year-beginning to end of next report period; (2) The performance prediction has not been pre-audited by CPAs.		

## 3.5 Other significant events which need explanations

## 3.5.1 Particulars about securities investment

Applicable                       Inapplicable

## 3.5.2 Registration form of receiving research, communication and interview in the report period

Date	Place	Way	Objects	Discussed main contents and supplied materials
Jan. 6, 2010	Office of the Company	Telephone communication	Investors	Basic information of the Company
Feb. 12, 2010	Office of the Company	Telephone communication	Holder of B share	Basic information of the Company
Mar. 26, 2010	Office of the Company	Telephone communication	Holder of B share	Basic information of the Company
Apr. 7, 2010	Office of the Company	Enquire in written form	<i>Securities Daily</i>	Got to know relevant public information of the Company

## 3.5.3 Explanations of other significant events

Applicable                       Inapplicable

The net profit attributable to owners of parent company disclosed in the 1<sup>st</sup> quarterly report 2009 was RMB 2.85 million, but that of the same period of last year disclosed in the report was RMB -88.21 million, with the change amount of RMB -91.06 million. The reason for such change was the net profit attributable to owners of parent company of SEG Samsung in which the Company holds 22.45% of its equity disclosed in the 1<sup>st</sup> quarterly report 2009 was RMB-122 million, whereas that of the same period of last year disclosed in 1<sup>st</sup> quarterly report 2010 was RMB -504 million. The Company calculated the investment gains from SEG Samsung based on equity method, which caused the investment losses of the same period of last year disclosed in this report of the Company increased by RMB 91.06 million over that disclosed in the 1<sup>st</sup> quarterly report of 2009.

## 3.6 Particulars about derivatives investment

Applicable                       Inapplicable

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

Applicable                       Inapplicable

## §4. Appendix

## 4.1 Balance sheet

Items	Balance at period-end		Balance at year-beginning	
	Consolidation	Parent Company	Consolidation	Parent Company
Current assets:				
Monetary funds	498,955,096.86	372,852,381.52	485,135,270.94	375,350,393.53
Settlement provisions				
Capital lent				
Transaction finance asset				
Notes receivable				
Accounts receivable	17,234,225.88	400,000.00	18,130,631.40	1,134,357.47
Accounts paid in advance	20,037,842.34	1,081,095.00	18,404,268.08	8,035,295.00
Insurance receivable				
Reinsurance receivables				
Contract reserve of reinsurance receivable				
Interest receivable	2,460,821.92	2,460,821.92	2,460,821.92	2,460,821.92
Dividend receivable				
Other receivables	12,042,162.49	45,095,461.39	11,971,998.74	45,306,466.00
Purchase restituted finance asset				
Inventories	1,919,437.27		5,886,392.39	
Non-current asset due within one year				
Other current assets				
Total current assets	552,649,586.76	421,889,759.83	541,989,383.47	432,287,333.92
Non-current assets:				
Granted loans and advances				
Finance asset available for sales	4,229,970.09	3,548,500.00	3,843,571.87	3,304,100.00
Held-to-maturity investment				
Long-term account receivable				
Long-term equity investment	129,274,947.39	310,372,446.43	119,732,099.86	300,829,598.90
Investment property	438,740,452.42	345,143,558.87	442,502,999.44	347,797,315.91
Fixed assets	210,589,972.75	23,031,843.38	189,516,718.30	23,314,450.93
Construction in progress	9,776,526.68		26,192,075.55	
Engineering material				
Disposal of fixed asset				
Productive biological asset				
Oil and gas asset				
Intangible assets	4,681,177.38	610,581.39	4,756,432.31	651,865.38
Expense on Research and Development				
Goodwill	10,328,927.82		10,328,927.82	
Long-term expenses to be	13,684,505.73	961,414.02	13,041,779.82	1,165,451.06

apportioned				
Deferred income tax asset	7,586,398.99	5,994,015.93	7,586,398.99	5,994,015.93
Other non-current asset				
Total non-current asset	828,892,879.25	689,662,360.02	817,501,003.96	683,056,798.11
Total assets	1,381,542,466.01	1,111,552,119.85	1,359,490,387.43	1,115,344,132.03
Current liabilities:				
Short-term loans				
Loan from central bank				
Absorbing deposit and inter-bank deposit				
Capital borrowed				
Transaction financial liabilities				
Notes payable				
Accounts payable	7,716,840.38	2,149,017.12	8,225,509.02	2,178,169.12
Accounts received in advance	90,214,246.12	42,701,579.41	105,563,890.39	65,801,272.52
Selling financial asset of repurchase				
Commission charge and commission payable				
Wage payable	1,172,559.95	24,450.87	4,261,476.99	2,065,724.98
Taxes payable	26,095,556.95	26,470,386.04	24,421,758.66	24,773,634.49
Interest payable				
Dividend payable	921,420.73	153,403.29	921,420.73	153,403.29
Other accounts payable	95,328,850.96	37,415,008.77	86,454,289.91	41,932,495.62
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	221,449,475.09	108,913,845.50	229,848,345.70	136,904,700.02
Non-current liabilities:				
Long-term loans				
Bonds payable				
Long-term account payable				
Special accounts payable				
Projected liabilities				
Deferred income tax liabilities	22,970,034.63	547,125.71	23,160,034.29	547,125.71
Other non-current liabilities				
Total non-current liabilities	22,970,034.63	547,125.71	23,160,034.29	547,125.71
Total liabilities	244,419,509.72	109,460,971.21	253,008,379.99	137,451,825.73
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	409,833,425.36	407,164,608.41	396,922,482.95	394,348,208.41
Less: Treasury stocks				
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	-252,672,245.53	-292,785,305.44	-268,431,923.52	-304,167,747.78
Balance difference of foreign currency translation	-536,479.61		-542,916.63	
Total owner's equity attributable to parent company	1,044,336,545.89	1,002,091,148.64	1,015,659,488.47	977,892,306.30
Minority shareholders' interests	92,786,410.40		90,822,518.97	
Total owner's equity	1,137,122,956.29	1,002,091,148.64	1,106,482,007.44	977,892,306.30
Total liabilities and owner's equity	1,381,542,466.01	1,111,552,119.85	1,359,490,387.43	1,115,344,132.03

## 4.2 Profit statement

Prepared by Shenzhen SEG Co., Ltd.

Jan.-Mar. 2010

Unit: RMB

Items	Amount in this period		Amount in last period	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Total operating income	91,307,818.05	28,545,784.89	67,892,989.04	28,312,781.50
Including: Operating income	91,307,818.05	28,545,784.89	67,892,989.04	28,312,781.50
Interest income				
Insurance gained				
Commission charge and commission income				
II. Total operating cost	64,748,815.05	10,069,765.90	37,235,307.68	6,271,611.87
Including: Operating cost	56,496,489.22	8,821,226.19	31,746,485.69	6,224,508.93
Interest expense				
Commission charge and commission expense				
Cash surrender value				
Net amount of expense of compensation				
Net amount of withdrawal of insurance contract reserve				
Bonus expense of guarantee slip				
Reinsurance expense				
Operating tax and extras	3,724,614.30	1,652,232.84	3,012,887.52	1,426,154.86
Sales expenses	1,370,260.25		906,378.64	
Administration expenses	6,914,893.78	3,749,113.97	6,753,654.36	3,527,096.41
Financial expenses	-3,757,442.50	-4,152,807.10	-3,684,098.53	-3,406,148.33
Losses of devaluation of asset			-1,500,000.00	-1,500,000.00

Add: Changing income of fair value (Loss is listed with “-”)				
Investment income (Loss is listed with “-”)	-3,029,152.47	-3,029,152.47	-115,823,698.14	-115,823,699.14
Including: Investment income on affiliated company and joint venture				
Exchange income (Loss is listed with “-”)				
III. Operating profit (Loss is listed with “-”)	23,529,850.53	15,446,866.52	-85,166,016.78	-93,782,529.51
Add: Non-operating income	139,079.30	300.00	1,620,912.10	1,486,477.57
Less: Non-operating expense	41,229.18		100,985.93	
Including: Disposal loss of non-current asset				
IV. Total Profit (Loss is listed with “-”)	23,627,700.65	15,447,166.52	-83,646,090.61	-92,296,051.94
Less: Income tax	5,951,587.04	4,064,724.18	2,313,487.22	450,000.00
V. Net profit (Net loss is listed with “-”)	17,676,113.61	11,382,442.34	-85,959,577.83	-92,746,051.94
Net profit attributable to owner’s equity of parent company	15,759,677.99	11,382,442.34	-88,214,473.65	-92,746,051.94
Minority shareholders’ gains and losses	1,916,435.62		2,254,895.82	
VI. Earnings per share				
i. Basic earnings per share	0.0201	0.0145	-0.1124	-0.1182
ii. Diluted earnings per share	0.0201	0.0145	-0.1124	-0.1182
VII. Other consolidated income	12,964,835.24	12,816,400.00	-574,782.68	-682,253.97
VIII. Total consolidated income	30,640,948.85	24,198,842.34	-86,534,360.51	-93,428,305.91
Total consolidated income attributable to owners of parent company	28,677,057.42	24,198,842.34	-88,896,727.62	-93,428,305.91
Total consolidated income attributable to minority shareholders	1,963,891.43		2,362,367.11	

## 4.3 Cash flow statement

Prepared by Shenzhen SEG Co., Ltd.

Jan.-Mar. 2010

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	76,838,162.92	8,489,484.28	77,509,335.13	16,793,838.47
Net increase of customer deposit and inter-bank deposit				
Net increase of loan from				

central bank				
Net increase of capital borrowed from other financial institution				
Cash received from original insurance contract fee				
Net cash received from reinsurance business				
Net increase of insured savings and investment				
Net increase of disposal of transaction financial asset				
Cash received from interest, commission charge and commission				
Net increase of capital borrowed				
Net increase of returned business capital				
Write-back of tax received				
Other cash received relating to operating activities	64,583,939.97	35,796,951.03	35,621,486.09	34,108,393.77
Subtotal of cash inflow arising from operating activities	141,422,102.89	44,286,435.31	113,130,821.22	50,902,232.24
Cash paid for purchasing commodities and receiving labor service	34,506,524.28	5,428,566.48	33,515,780.98	4,689,090.60
Net increase of customer loans and advances				
Net increase of deposits in central bank and inter-bank				
Cash paid for original insurance contract compensation				
Cash paid for interest, commission charge and commission				
Cash paid for bonus of guarantee slip				
Cash paid to/for staff and workers	11,883,672.35	5,234,585.34	9,605,770.00	4,602,269.51
Taxes paid	23,601,020.70	18,545,462.28	24,959,921.99	18,464,019.40
Other cash paid relating to operating activities	53,590,151.50	17,876,799.34	31,135,749.73	14,893,005.25
Subtotal of cash outflow arising from operating activities	123,581,368.83	47,085,413.44	99,217,222.70	42,648,384.76
Net cash flows arising from operating activities	17,840,734.06	-2,798,978.13	13,913,598.52	8,253,847.48
II. Cash flows arising from investing activities:				
Cash received from recovering investment			2,198,720.24	2,198,720.24
Cash received from investment income				5,270,590.49
Net cash received from	15,444.00		141,500.00	

disposal of fixed, intangible and other long-term assets				
Net cash received from disposal of subsidiaries and other operation units			34,229,363.41	38,280,000.00
Other cash received relating to investing activities				
Subtotal of cash inflow from investing activities	15,444.00		36,569,583.65	45,749,310.73
Cash paid for purchasing fixed, intangible and other long-term assets	4,591,584.05	25,336.00	701,547.00	259,480.00
Cash paid for investment			53,030,000.00	53,030,000.00
Net increase of mortgaged loans				
Net cash received from subsidiaries and other units				
Other cash paid relating to investing activities				
Subtotal of cash outflow from investing activities	4,591,584.05	25,336.00	53,731,547.00	53,289,480.00
Net cash flows arising from investing activities	-4,576,140.05	-25,336.00	-17,161,963.35	-7,540,169.27
III. Cash flows arising from financing activities				
Cash received from absorbing investment				
Including: Cash received from absorbing minority shareholders' investment by subsidiaries				
Cash received from loans				
Cash received from issuing bonds				
Other cash received relating to financing activities				
Subtotal of cash inflow from financing activities				
Cash paid for settling debts				
Cash paid for dividend and profit distributing or interest paying				
Including: Dividend and profit of minority shareholder paid by subsidiaries				
Other cash paid relating to financing activities				
Subtotal of cash outflow from financing activities				
Net cash flows arising from financing activities				
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	103.53		-117.38	
V. Net increase of cash and cash	13,264,697.54	-2,824,314.13	-3,248,482.21	713,678.21

equivalents				
Add: Balance of cash and cash equivalents at the period -beginning	485,135,270.94	375,350,393.53	404,242,883.22	298,174,785.87
VI. Balance of cash and cash equivalents at the period-end	498,399,968.48	372,526,079.40	400,994,401.01	298,888,464.08

#### 4.4 Auditor's report

Auditor's opinions: Un-audited