Short Form of Stock: G SHENSHENFANG, SHENSHENFANG B No.: 2006-17

Stock Code: 000029, 200029

SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES (GROUP) CO., LTD. REPORT OF FIRST QUARTER OF 2006

Section I. Important Notes

1.1 The Board of Directors, the Supervisory Committee, directors, supervisors and senior executives of Shenzhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd. (hereinafter referred to as the Company) hereby ensure that there are no false records, misleading statements, or significant omissions in the materials of this report, and will assume individual and joint responsibilities concerning the authenticity, accuracy and integrity of its contents.

Director Xu Zhenhan was absent from the Board meeting due to business and entrusted Chairman of the Baord Shao Zhihe to vote; Director Xie Guangliang did not attend the Board meeting due to personal reason and did not entrust another to vote.

Chairman of the Board Shao Zhihe, person in charge of accounting work Luo Kunquan and person in charge of accounting organ Chen Jincai hereby ensure the authenticity and integrity of the Financial Report enclosed in the Annual Report.

1.2 No director stated that he/she couldn’t ensure the correctness, accuracy and completeness of the contents of the Annual Report or had any objection for this report.

1.3 Name list of absent directors from the meeting

Name of absent director	Reason	Name of assignee
Xu Zhenhan	Business	Shao Zhihe
Xie Guangliang	Personal affairs	Naught

1.4 This finance report have no audit

1.5 Chairman of the Board Shao Zhihe, person in charge of accounting work Luo Kunquan and person in charge of accounting organ Chen Jincai hereby confirm that the Financial Report enclosed in the Annual Report is true and complete.

Section2. Company Profile

2.1 Basic information

Short form of the stock	G SHENZHENFANG, SHENSHENFANG B	
Stock code	000029, 200029	
	Secretary of the Board	**Securities Affairs Representative**
Name	Chen Ji	Tu Zhigang
Contact address	47/F, SPG Plaza, Renmin South Road, Shenzhen	47/F, SPG Plaza, Renmin South Road, Shenzhen
Telephone	86-755-82293000-4718, 4715	86-755-82293000-4718, 4715
Fax	86-755-82294024	86-755-82294024
E-mail	spg@163.net	spg@163.net

2.2 Finance data

2.2.1 Major accounting data and financial indexes

单位：（人民币）元

	This report end	12.31,2005	Increase/decrease over last year end（%）
Total assets	2,398,399,232.23	2,280,306,748.29	5.18%
Shareholder's equity (excluding minority interests)	1,063,529,749.12	1,056,972,101.87	0.62%
Net assets per share	1.051	1.0448	0.59%
Net assets per share after adjustment	0.986	0.9840	0.20%
	This report	The beginningofthis year till this end	Increase/decrease over the same time last year (%)
Net cash flow arising from operating activities	98,753,547.50	98,753,547.50	272.41%
Earnings per share	0.004	0.004	185.71%
Earnings per share (note)	0.004	-	-
Return on equity	0.37%	0.37%	126.24%
Return on equity calculated based on net profit after deducting non-recurring gains and losses	0.37%	0.37%	126.21%

Note: Earnings per share was calculated based on new share capital if the Company's share capital from the end of report period to disclosure date of this report had been changed.

Items of non-recurring gains and losses	Amount
Non-operation income	10.58
Non-operating expense	3.92
合计	6.66

2.2.2 Financial statement

2.2.2.2 CONSOLIDATED INCOME STATEMENT
FOR THREE MONTHS TO MARCH 31, 2006
(UNAUDITED)

	2006 RMB'000	2005 RMB'000
Turnover	165,352	84,714
Cost of sales	(125,860)	(59,494)
Gross profit	39,492	25,220

Other operating income	--	(49)
	39,492	25,171
General and administrative expenses	(18,883)	(18,605)
Other operating expenses	(4,866)	(3,250)
Profit from operations	15,743	3,316
Finance costs	(5,612)	(10,045)
Share of profits of non-consolidated subsidiaries, associates, and contractual joint ventures	1,045	(154)
Progfit before taxation	11,176	(6,883)
Taxation	(90)	(51)
Profit after taxation	11,086	(6,934)
Minority interests	682	310
Net Profit for the period	11,768	(6,624)

2.3 Statement of shares held by the shareholders and the top ten shareholders of circulation share (Unit: share)

Total number of shareholders	103,976	
Particulars about shares held by the top ten shareholders		
Full name of Shareholder	**Total number of shares held**	Types(A、B、H or others)
USBC PRIVATE BANK (SUISSE) SA GENEVA	799,985.00	B
CHU KOON YUK	720,000.00	B
GUOTAI JUNAN SECURIES HONG KONG LIMITED	698,600.00	B
Shanghai Hongkong stock LTD.	633,434.00	B
ORE BURNS(AUSTRALIA) PTY.LINITED	600,000.00	B
HU YAN FEN	600,000.00	B
LAI KONG SUNG	558,100.00	B
China Construction Bank - BOSHI YUFU SECURITIES INVESTMENT FUNDS	558,061.00	A
ABN AMRO BANK NV	528,300.00	B
SHUM YIP KWAN WING DEVELOPMENT LTD	480,800.00	B

Section 3 **Discussion and analysis by the management team**

3.1 The analysis of operating activities during the report period

3.1.1 Statement of main operations according to industries or products

√Applicable ☐Inapplicable

单位：（人民币）万元

Main operations classified according to industries			
	Income from main operations (RMB)	**Cost of main operations (RMB)**	the gross profit rate **(%)**
Development and operation real estate	7,095.87	4,462.23	37.12%
Property Management	1,543.59	1,350.64	12.50%
Other real estate industry	983.18	714.38	27.34%
Fitment and Decoration	2,131.14	2,044.61	4.06%
Other	5,420.82	4,689.02	13.50%
Among:the connection trade	0.00	0.00	0.00%
Main operations classified according to Products			
Residence	4,790.68	3,599.01	24.87%
Shop	2,305.19	863.22	62.55%
Among:the connection trade	0.00	0.00	0.00%

3.1.2 Character of operating's seasonal or periodic

☐Applicable √Inapplicable

3.1.3 The report expects the profits composing circumstance(main camp business profits, other business profits, period expenseses, the investment income, the subsidy income and do business important fluctuation and the elucidation of the reasons that a reports in the outside receipt and expenditure comparison that net sum have in the profits total amount and frontses expect to compares)

☐Applicable √Inapplicable

3.1.4 Main camp business and its structure compaired with the ex- report expects circumstance have the important variety and its reason elucidations that to take place .

☐Applicable √Inapplicable

3.1.5 The main camp business profit ability(the gross profit rate) compaired with the ex- report expects circumstance have the important variety and its reason elucidations that to take place .

□Applicable √Inapplicable

3.2 Analysis and explainsition of important items and it's affect and analytical elucidation of the solution

□Applicable √Inapplicable

Progress circumstan of Unconduct funds ' take up and pure owe

□Applicable √Inapplicable

3.3 Explanation on changes of accounting policy, accounting estimation and settlement method

□Applicable √Inapplicable

3.4 Through audit and the result is" not standard opinion " ,the board of directors and the Supervisory Committee have the related elucidation

□Applicable √Inapplicable

3.5 Explainsition of caution and reason if the prdiction ofthe clean profits of the total amount of the end probably for loss in business or with last year the same period compares to take place the significant fluctuation during the period from the beginning of year to the next report

√Applicable □Inapplicable

We predict the next report will be profit,it is because the income of Development and operation real estate will be raised

3.6 Adjust circumstance of the annual operating plan or budget published by company

□Applicable √Inapplicable

3.7 Special commitments and Fulfill contract circumstance of The controlling shareholder of the Company promised on the relevant matters related with the share merger reform plan

√Applicable □Inapplicable

Name of shareholders	Special commitments	Fulfill contract circumstance	Fulfillcommitments circumstance
SHENZHEN INVESTMENT HOLDINGS CORP	Commitments of conditional sale: Nontradable shares held by it would not be traded	fulfilling	fulfilling strictly

	or transferred within 12 months from the date the Share Merger Reform Plan was implemented; after the expiration of the aforesaid promise, the proportion in the total shares of the Company taken up by the originally nontradable shares sold through listing and trading at Stock Exchange would not exceed five percent within 12 months, and not exceed ten percent within 24 months.		
SHENZHEN INVESTMENT HOLDINGS CORP	The controlling shareholder of the Company promised on the relevant matters related with the share merger reform plan of SPG: "1. the company would abide by the relevant laws, regulations and rules, and fulfilling the legal responsibilities promised obligation; 2. the company declared: "The Promisor would dutifully fulfill its commitments and shoulder corresponding legal responsibilities. Only if the assignee agree and have the ability to shoulder the commitment responsibility, the Promisor would never transfer the shares held by it."; and, 3. the company made the commitment: "The Promisor hereby promises that, should the Promisor failed to fulfill its commitment or not fully fulfill its commitment, it would compensate other shareholders for their	fulfilling	fulfilling strictly

	losses suffered thereafter”.		
SHENZHEN CONSTRUCTION INVESTMENT HOLDINGS CORP.	Commitments of consideration paid in course of shares transfer: herein Shenzhen Construction Investment Holdings Corporation, the controlling shareholder of SPG, did not transfer its shares of SPG to Shenzhen Investment Holdings Co., Ltd., and share transfer procedure was in handling, if shares transfer procedure would finish before the date of accomplishment of share merger reform plan of SPG, then the consideration would be arranged by Shenzhen Investment Holdings Co., Ltd., while, if shares transfer procedure would finish after the date of accomplishment of share merger reform plan of SPG, then the consideration would be arranged by Shenzhen Construction Investment Holdings Corporation. Shenzhen Investment Holdings Co., Ltd. promised that it would continue to perform the commitments made by Shenzhen Construction Investment Holdings Corporation in share merger reform after accomplishment of share transfer procedure.	fulfilled	Fulfilled completely

Section 4 Appendix

CONSOLIDATED INCOME STATEMENT
FOR THREE MONTHS TO MARCH 31, 2006
(UNAUDITED)

	2006	2005
	RMB'000	RMB'000

Turnover	165,352	84,714
Cost of sales	(125,860)	(59,494)
Gross profit	39,492	25,220
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Taxation	(90)	(51)
Profit after taxation	11,086	(6,934)
Minority interests	682	310
Net Profit for the period	11,768	(6,624)

CONSOLIDATED BALANCE SHEET
AT MARCH 31, 2006
(UNAUDITED)

	2006 RMB'000	2005 RMB'000
ASSETS		
Non-current assets		
Property, plant & equipment	80,359	131,333
Investment properties	590,590	694,367
Non-consolidated subsidiaries	126,559	58,418
Associates	24,190	30,047
Contractual joint ventures	80,344	143,348
Long term investments	10,771	27,482
Intangible assets	27	3,518
Land held for development	--	56,585
	912,840	1,145,098
Current assets		
Properties under development for sale	270,622	619,327
Completed properties for sale	471,985	161,996
Inventories	17,375	29,654
Short term investments	4,119	2,906
Accounts receivable	29,360	30,519
Prepayments, deposits and other debtors	127,775	90,320
Cash and bank balances	425,975	202,768
	1,347,211	1,137,490
Current liabilities		
Customers' deposits	405,620	206,651
Accounts payable and accrued expenses	408,411	370,374
Dividends payable	--	138,764
Tax payable	4,689	460
Bank loans	288,962	491,548
	1,107,682	1,207,797
Net current assets/(liabilities)	239,529	(70,307)
Total assets less current liabilities	1,152,369	1,074,791
Non-current liabilities	(181,166)	(201,664)
Minority interests	18,819	14,992

NET ASSETS	990,022	888,119
CAPITAL AND RESERVES		
Issued capital	1,011,660	1,011,660
Reserves	(21,638)	(123,541)
	990,022	888,119

CONSOLIDATED CASH FLOW STATEMENT
FOR THREE MONTHS TO MARCH 31, 2006
(UNAUDITED)

	2005 RMB'000
OPERATING ACTIVITIES	
Cash received from sales of goods or rendering of services	273,174
Other cash received relating to operating activities	121,146
Cash paid for goods and services	(137,063)
Cash paid to and on behalf of employees	(14,353)
Taxation paid	(15,674)
Cash paid relating to other operating activities	(129,229)
Interest paid	(8,504)
Net cash used in operating activities	**89,497**
INVESTING ACTIVITIES	
Net cash received from the sale of fixed assets, intangible assets and other long-term assets	109
Other cash received relating to investing activities	--
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(308)
Net cash used in investing activities	(199)
FINANCING ACTIVITIES	
Proceeds from borrowings	164,044
Other cash received relating to financing activities	--
Repayments of borrowings	(138,976)

Other cash paid relating to financing activities	--
Net cash used in financing activities	25,068
NET INCREASE IN CASH AND CASH EQUIVALENTS	114,366
Cash and cash equivalents at beginning of year	270,341
Cash and cash equivalents at end of year	384,707