Short Form of Stock: SHENSHENFANG A, SHENSHENFANG B No.: 2007-007

Stock Code: 000029, 200029

SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES (GROUP) CO., LTD.
THE FIRST QUARTERLY REPORT 2007

§1. Important Notice

1.1 The Board of Directors, the Supervisory Committee and directors, supervisors and senior management of Shenzhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd. (hereinafter referred to as "the Company") warrant that this report does not contain any false or misleading statements or omit any material facts and all information set forth herein are true, accurate and complete. This report was prepared in both Chinese and English. Should there be any difference in interpretation between the two versions, the Chinese version shall prevail.

1.2 None of the directors, supervisors, senior management demonstrated uncertainty or disagreement about the truthfulness, accuracy, and completeness of the first quarterly report.

1.3 Director Li QiuSheng did not attend the Board meeting due to personal reason and did not entrust another to vote.

1.4 The Financial Report of the first quarterly report period has not been audited.

1.5 Chairman of the Board Shao Zhihe, person in charge of accounting work Guo Hongzhuang and person in charge of accounting organ Chen Jincai hereby ensure the authenticity and integrity of the Financial Report enclosed in the enclosed in the Quarterly Report is true and complete.

§ 2 Company Profile

2.1 Main accounting data and financial indicators

Unit: RMB

	At the end of the report period	At the end of the previous year	Increase/decrease at the end of the report period compared with that at the end of the last year (%)
Total assets	2,383,312,604.60	2,384,845,276.50	-0.06%
Owner's equity (or shareholders' equity)	1,117,791,153.70	1,117,925,512.16	-0.01%
Net assets per share	1.1049	1.1050	-0.01%
	From the beginning of the year to the end of the report period		**Increase/decrease during the report period compared with that of the last year (%)**
Net cash flow arising from operating activities	-23,289,504.51		-123.58%
Net cash flow per share arising from operating activities	-0.02		-123.58%
	The report period	**From the beginning of the year to the end of the report period**	**Increase/decrease during the report period compared with that of the last year (%)**
Net profit	418,968.73	418,968.73	-89.46%
Basic earnings per share	0.0004	0.0004	-89.46%

Diluted earnings per share	0.0004	0.0004	-89.46%
Return on equity	0.04%	0.04%	-89.46%
Return on equity after deducting non-recurring gains and losses	0.20%	0.20%	-46.02%

Items of non-recurring gains and losses

Unit: RMB

Items of non-recurring gains and losses	From the beginning of the year to the end of the report period
Non-operating income	114,050.00
Non-operating expense	-1,909,543.27
Total	-1,795,493.27

2.2.2 Total number of shareholders at the end of the report period and statement on shares held by the top ten shareholders holding shares not subject to trading moratorium

Unit: share

Total number of shareholders at the end of the report period	81,652	
Shares held by the top ten shareholders holding shares not subject to trading moratorium		
Name of shareholder (full name)	**Number of shares not subject to trading moratorium**	**Share type**
SHENZHEN INVESTMENT HOLDING CORPORATION	50,583,000	Renminbi common shares
LIU ZHI QING	1,090,000	Renminbi common shares
CHENG KANG LIANG	890,382	Domestically listed foreign shares
LAI JIN ZHOU	884,945	Renminbi common shares
CHINA LIFT INSURANCE COMPANY LTD.-TRADITIONAL-COMMON INSURANCE FUNDS	792,992	Renminbi common shares
BANK OF CHINA – LOF	780,211	Renminbi common shares
CHU KOON YUK	720,000	Domestically listed foreign shares
TANG ZHAN QUAN	700,000	Renminbi common shares
CHEN ZU DE	692,590	Domestically listed foreign shares
SHANGHAI (HONG KONG) WANGUO SECURITIES	617,534	Domestically listed foreign shares

§3 Significant Events

3.1 Particular about large-margin change of main accounting statement item and financial index and its reason

√Applicable ☐Inapplicable

1. Accounts in advance have increased by 34.57% compared with the year-begin, which was because that the Company prepaid business tax of house sold in advance.
2. Total profit has increased by 66.32% compared with the same period of last year, which was because that period expense has deceased year-on-year. The sale income of real estate has decreased by 24.39% year-on-year, which resulted in a decrease of gross profit and a greater growing of non-operating expense year-on-year. But owner's net profit under the parent company has decreased by a big margin compared with the same period of last year, which was mainly because of the greater growing of income tax expense and minority interests. 3. Net cash flow arising from operating activities has decreased by a big margin, which was mainly because that the cash received from selling commodities and providing labor services has decreased by 27.89% year-on-year and the Cash paid for purchasing commodities and receiving labor service has increased by 10.48% year-on-year.

3.2 The progress and influence of significant events and the analysis and explanation on resolving proposal

□Applicable √Inapplicable

3.3 The fulfillment of the commitment made by the Company, shareholders and the actual controller

√Applicable □Inapplicable

Shenzhen Investment Holding Corporation, the controlling shareholder of the Company, made the following commitment during the share merger reform of SPG: 1. the shareholders of non-tradable shares promised on the matters related with the share merger reform: "1. the company would abide by the relevant laws, regulations and rules, and fulfilling the legal commitment 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 losses suffered thereafter". 2. 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. 3. Commitments of trading moratorium: Nontradable shares held by it would not be traded 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.

3.4 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 report period compared with the same period of the last year according to prediction, as well as explanations on the reasons

□Applicable √Inapplicable

3.5 The explanation on the discrepancy between the shareholders' equity at the year-beginning of 2007 in this quarter report's balance statement and the shareholders' equity at the year-beginning of 2007 in the reconciliation statement of shareholder's equity of old and new accounting standard

□Applicable √Inapplicable

Board of Directors of
Shenzhen Special Economic Zone Real Estate &
Properties (Group) Co., Ltd.
April 25, 2007

CONSOLIDATED INCOME STATEMENT

FOR THREE MONTHS TO MARCH 31, 2007

(UNAUDITED)

	2007 RMB'000	2006 RMB'000
Turnover	114,308	165,352
Cost of sales	(83,909)	(125,860)
Gross profit	30,399	39,492
Other operating income	5,517	--
	35,916	39,492
General and administrative expenses	(14,676)	(18,883)
Other operating expenses	(1,396)	(4,866)
Profit from operations	19,844	15,743
Finance costs	(4,567)	(5,612)
Share of profits of non-consolidated subsidiaries, associates, and contractual joint ventures	(933)	1,045
Profit before taxation	14,344	11,176
Taxation	(4,397)	(90)
Profit after taxation	9,947	11,086
Minority interests	(809)	682
Net Profit for the period	9,138	11,768

CONSOLIDATED BALANCE SHEET
AT MARCH 31, 2007
(UNAUDITED)

	2007 RMB'000	2006 RMB'000
ASSETS		
Non-current assets		
Property, plant & equipment	65,968	69,231
Investment properties	760,872	682,899
Non-consolidated subsidiaries	--	110,723
Associates	39,389	31,376
Contractual joint ventures	69,501	70,683
Long term investments	19,977	10,184
Intangible assets	--	4
	955,707	975,100
Current assets		
Properties under development for sale	492,459	492,459
Completed properties for sale	139,462	139,462
Inventories	10,862	22,420
Short term investments	--	--
Accounts receivable	21,616	14,623
Prepayments, deposits and other debtors	203,673	165,248
Cash and bank balances	423,467	461,311
	1,291,539	1,295,523
Current liabilities		
Customers' deposits	375,130	285,510
Accounts payable and accrued expenses	522,486	601,298
Tax payable	5,088	4,577
Bank loans	226,000	275,425
	1,128,704	1,166,810
Net current assets/(liabilities)	162,835	128,713
Total assets less current liabilities	1,118,542	1,103,813
Non-current liabilities	(86,388)	(85,796)
Minority interests	11,897	17,449
NET ASSETS	1,044,051	1,035,466
CAPITAL AND RESERVES		
Issued capital	1,011,660	1,011,660
Reserves	32,391	23,806

	1,044,051	1,035,466

CONSOLIDATED CASH FLOW STATEMENT

FOR THREE MONTHS TO MARCH 31, 2007

(UNAUDITED)

RMB'000	2007
OPERATING ACTIVITIES	
Cash received from sales of goods or rendering of services	196,995
Other cash received relating to operating activities	27,595
Cash paid for goods and services	(151,430)
Cash paid to and on behalf of employees	(24,645)
Taxation paid	(18,994)
Cash paid relating to other operating activities	(52,810)
Interest paid	(6,931)
Net cash used in operating activities	(30,220)
INVESTING ACTIVITIES	
Net cash received from the sale of fixed assets, intangible assets and other long-term assets	31,948
Other cash received relating to investing activities	--
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(1,419)
Net cash used in investing activities	30,529
FINANCING ACTIVITIES	
Proceeds from borrowings	50,117
Other cash received relating to financing activities	--
Repayments of borrowings	(99,425)
Other cash paid relating to financing activities	--
Net cash used in financing activities	(49,308)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(48,999)
Cash and cash equivalents at beginning of year	422,399
Cash and cash equivalents at end of year	373,400

NOTES TO THE FINANCIAL STATEMENTS

FOR THREE MONTHS TO MARCH 31, 2007

(UNAUDITED)

1. There are no significant changes in accounting policies, accounting estimates and basis of consolidation adopted in preparing the financial statements for three months to March 31, 2007 compared with 2006 annual report.

2. There are no significant differences in accounting policies, which are mainly related to recognition and measurement of expenses unevenly occurred, adopted in preparing the financial statements for three months to March 31, 2007 compared with 2006 annual report.