

SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES (GROUP) CO., LTD.

The First Quarterly Report 2010

§1 Important Notes

- 1.1 The Board of Directors, the Supervisory Committee as well as directors, supervisors and senior executives of SHENZHEN Special Economic Zone Real Estate & Properties (Group) Co., Ltd. (hereinafter referred to as “the Company”) individually and jointly accepted responsibility for the correctness, accuracy and completeness of the contents of this report and confirmed that there was no false information, misleading statement or material omissions.
- 1.2 The first quarterly financial report has not been audited by Accounting Firm.
- 1.3 Chairman of the Board Mr. Zhou Jianguo, Chief Financial Officer Mr. Chen Maozheng and Financial Manager Chen Jincai hereby confirmed that the Financial Report enclosed in the quarterly report is true and complete.

[The Annual Report is written in both English and Chinese. In case of any discrepancy between the two versions, Chinese version prevails.]

§ 2 Company Profile

2.1 Main accounting data and financial indices

Unit: RMB Yuan

	At the end of the reporting period	At the end of last year	Increase/decrease (%)
Total assets (RMB Yuan)	3,350,733,971.09	3,361,110,324.04	-0.31%
Owner's equity attributable to shareholders of listed company (RMB Yuan)	1,234,125,281.75	1,228,651,614.41	0.45%
Share capital (Share)	1,011,660,000.00	1,011,660,000.00	
Net asset per share attributable to shareholders of listed company (RMB Yuan)	1.2199	1.2145	0.44%
	Reporting period	Same period of last year	Increase/decrease (%)
Sales turnover (RMB Yuan)	120,541,447.09	143,070,019.93	-15.75%
Net profit attributable to shareholders of listed company (RMB Yuan)	5,458,560.74	851,717.83	540.89%
Net cash flow arising from operating activities (RMB Yuan)	-69,895,651.39	-29,201,597.35	-139.36%
Net cash flow per share arising from operating activities (RMB Yuan/share)	-0.069	-0.029	-139.36%
Basic earnings per share (RMB Yuan/share)	0.0054	0.0008	575.00%
Diluted earnings per share (RMB	0.0054	0.0008	575.00%

Yuan/share)			
Weighted average return on equity (%)	0.44%	0.07%	0.37%
Weighted average return on equity after deducting extraordinary gains and losses (%)	-0.35%	0.07%	-0.42%

Items of extraordinary gains and losses	Amount from 1 Jan. to 31 Mar. 2010
Gains on disposal of non-current assets	9,636,607.65
Gain/loss from change of fair value of transactional financial asset and liabilities, and investment gains from disposal of transactional financial assets and liabilities and financial assets available for sale, other than effective hedging business related to the Company's common businesses	13,381.00
Other non-operating income and expense other than abovementioned	28,229.17
Influence of income tax	12,135.00
Total	9,690,352.82

Explanation on important items of extraordinary gains and losses:

Naught

2.2 Statement on total number of shareholders and shares held by the top ten shareholders not subject to trading moratorium

Unit: share

Total number of shareholders	103,794	
Shares held by the top ten shareholders not subject to trading moratorium		
Full name of shareholders	Shares not subject to trading moratorium held at the period-end	Type of share
Shenzhen Investment Holdings Co., Ltd.	642,884,262	RMB common shares
China Power Investment Finance Co., Ltd.	2,602,101	RMB common shares
GUAN JIN FENG	1,092,220	RMB common shares
JU XIN RU	960,000	RMB common shares
Industrial and Commercial Bank of China—GF China Securities 500 Index Fund (LOF)	940,580	RMB common shares
LIU NAN	884,700	RMB common shares
CAO HONG TAO	861,305	RMB common shares
MA NIAN LI	850,000	RMB common shares
ZHANG RUI	730,700	RMB common shares
LUO GEN LIAN	728,600	RMB common shares

§ 3 Significant Events

3.1 Significant changes in major accounting data, financial highlights and reasons for these changes.

✓ Applicable □ Non-applicable

1. Financial expense was RMB 16.75 million, an increase of RMB 12.92 million over the same period of last year, up by 337.34%, which was caused by the increase of bank loan and of accrued interest of the residual land value payable for Guangming New District Project in the reporting

period.

2. Investment income was RMB 22.23 million, an increase of RMB 22.22 million over the same period of last year, which was because the Company, in the reporting period, transferred 50% property rights of Shenzhen Shatoujiao Nantian Shopping Center, obtaining income of RMB 9.64 million; and dividend received from affiliated enterprises and jointly-run enterprises totaling to RMB 12.58 million.

3. Short-term borrowing was RMB 1 million, a decrease of RMB 99 million, which was because the Company paid off the loan of RMB 100 million to Shenzhen Investment Holdings Co., Ltd.

4. Advance from customers was RMB 329.44 million, an increase of RMB 172.32 million, up by 109.67%, which was mainly due to payment of flats on sale received in advance.

5. Net cash flow arising from operating activities was RMB -69.9 million, a decrease of RMB 40.70 million over the same period of last year, down by 139.36%, which was because the Company paid the land value for Guangming New District Project amounting to RMB 200 million in the first quarter of 2010.

3.2 Process of significant events and influence, as well as analysis and explanation on resolving proposal

Applicable Inapplicable

3.3 Special commitments made by the company, shareholders and actual controllers

Applicable Inapplicable

Commitments	Covenanter	Description	Execution
Share Reform Commitment	Shenzhen Investment Holdings Co., Ltd.	1. Investment Holdings shall abide by the relevant laws, regulations and rules, and fulfill the legal obligation; 2. Investment Holdings hereby declares that: The promisor shall faithfully fulfill its commitments and shoulder corresponding responsibilities; Unless the transferee agrees to and is able to fulfill the commitments, the promisor shall not transfer the shares held. 3. Investment Holdings hereby declares that: Should the promisor fail to fulfill its commitments prescribed in the relevant documents, it shall compensate the other shareholders for their losses caused thereupon.	Executed
Commitment on trading moratorium of shares	Shenzhen Investment Holdings Co., Ltd.	The shares shall not be listed or transferred within 12 months from the date when the reform plan is implemented; When the aforesaid provision reaches its mature term, the originally non-tradable shares may be listed for trading at securities exchanges, with the proportion of the sold amount in the Company's total shares not exceeding 5% within 12 months, as well as not exceeding 10% within 24 months.	Executed
Commitments made in acquisition report or report on changes in equity	N/A	N/A	N/A
Commitments made in of significant assets restructuring	Shenzhen Municipal SASAC	On 30 Oct. 2009, Shenzhen Municipal SASA sent a letter to Shenzhen Investment Holdings Co., Ltd. and made the commitment that it shall not conduct equity transfer through agreement, assets restructuring and other matters with significant influence on SPG (excluding shareholding reduction in the secondary market) within two years, namely this year and next year.	Under implementation
Commitments made upon issuance of shares	N/A	N/A	N/A
Other commitments	N/A	N/A	N/A

(including additional commitments)			
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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 Other significant events need to be explained

3.5.1 Securities investment

Applicable Inapplicable

Unit: RMB Yuan

No.	Stock variety	Stock code	Short form of Stock	Initial investment (RMB)	Shares held at the period-end (share)	Book value at period-end	Proportion of total securities investment at period-end (%)	Profits and losses in reporting period (RMB)
1	Tradable A share	601857	PETROCHINA	50,100.00	3,000.00	38,520.00	27.69%	-11,580.00
2	Tradable A share	601158	CHONGQING WATER	20,940.00	3,000.00	34,590.00	24.87%	13,650.00
3	Tradable A share	002383	UNISTRONG SCIENCE & TECHNOLOGY	18,500.00	500.00	18,500.00	13.30%	0.00
4	Tradable A share	601898	CHINA COAL ENERGY	16,830.00	1,000.00	11,670.00	8.39%	-5,160.00
5	Tradable A share	002137	SHIYIDA	5,150.00	975.00	11,037.00	7.94%	5,887.00
6	Tradable A share	601866	CHINA SHIPPING	13,240.00	2,000.00	9,420.00	6.77%	-3,820.00
7	Tradable A share	002129	ZHONGHUAN	2,905.00	625.00	7,768.75	5.59%	4,863.75
8	Tradable A share	002144	HONGDA WARP	2,715.00	500.00	7,585.00	5.45%	4,870.00
Other securities investment at the end of period				0.00	-	0.00	0.00%	0.00
Investment gains/(losses) arising from sale of securities				-	-	-	-	0.00
Total				130,380.00	-	139,090.75	100%	8,710.75

Explanation on securities investment

The shares held by the Company are arising from are those shares that the Company subscribed and won the lot for IPO.

3.5.2 Reception of research, interviews and visits in the reporting period

Reception time	Reception place	Reception way	Reception object	Major discussion content and the information provided by the Company
14 Jan. 2010	Office	Communication by Telephone	Individual investor	Asked about the relevant situation of project development of the Company, without providing written information

12 Mar. 2010	Office	Communication by Telephone	Individual investor	Asked about the Company's status and situation of real estate market of Shenzhen, without providing written information
22 Mar. 2010	Office	Communication by Telephone	Individual investor	Asked about relevant information of the annual report, without providing written information
30 Mar. 2010	Office	Communication by Telephone	Individual investor	Asked about relevant information of the annual report, without providing written information

3.5.3 Explanation on other significant events

Applicable Inapplicable

3.6 Derivative Investment

Applicable Inapplicable

3.6.1 Derivatives held as at the end of the report period

Applicable Inapplicable

**Board of Directors of
SHENZHEN Special Economic Zone Real Estate
& Properties (Group) Co., Ltd.**

26 Apr. 2010