

Stock code: 000011, 200011

Stock name: SZPRD A, SZPRD B

Announcement No.: 2017-2

# SHENZHEN PROPERTIES & RESOURCES DEVELOPMENT (GROUP) LTD. ABSTRACT OF ANNUAL REPORT 2016

## I Important information

This Abstract is based on the full text of the Annual Report. In order for a full understanding of the operating results, financial condition and future development planning of the Company, investors are kindly reminded to read the full text carefully on the media designated by the China Securities Regulatory Commission (the “CSRC”).

This Annual Report and its abstract have been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.

Objections raised by the directors, supervisors and executive officers

Name	Office title	Objection and reason
------	--------------	----------------------

Statement

Except for the following directors, all the other directors attended in person the board meeting for the review of this Annual Report.

Name	Office title	Reason for not attending in person	Proxy
------	--------------	------------------------------------	-------

Modified audit opinion

Applicable  Not applicable

Proposal for profit distribution to common shareholders or converting capital reserve into share capital for this Reporting Period, which has been considered and approved by the Board

Applicable  Not applicable

Share capital increase from capital reserve

Yes  No

The Board has considered and approved the following proposal for profit distribution to common shareholders: Based on the total shares of 595,979,092, a cash dividend of RMB1.80 (tax inclusive) per 10 shares will be distributed to all shareholders of the Company. No bonus shares will be granted, nor will any capital reserve be converted into share capital.

Proposal for profit distribution to preference shareholders for this Reporting Period, which has been considered and approved by the Board

Applicable  Not applicable

## II Company profile

### 1. Stock profile

Stock name	SZPRD A, SZPRD B	Stock code	000011, 200011
Stock exchange	Shenzhen Stock Exchange		
Contact information	Board Secretary	Securities Representative	
Name	Fan Weiping	Qian Zhong, Ding Minghua	
Office address	42/F, International Trade Center, Renmin South Road, Shenzhen, Guangdong Province, P.R.China	42/F, International Trade Center, Renmin South Road, Shenzhen, Guangdong Province, P.R.China	
Fax	0755-82210610 82212043	0755-82210610 82212043	
Tel.	0755-82211020	0755-82211020	
E-mail	000011touzizhe@szwuye.com.cn	000011touzizhe@szwuye.com.cn	

### 2. Brief introduction to the main business or products in this Reporting Period

The Company has 12 functioning subsidiaries in total, including 4 real estate subsidiaries (Shenzhen Huangcheng Real Estate Co., Ltd., Dongguan ITC Changsheng Real Estate Development Co., Ltd., SZPRD Xuzhou Dapeng Real Estate Development Co., Ltd. and SZPRD Yangzhou Real Estate Development Co., Ltd.), 2 property management subsidiaries (Shenzhen International Trade Center Property Management Co., Ltd. and Shenzhen Huangcheng Property Management Co., Ltd.), 2 taxi service subsidiaries (Shenzhen International Trade Center Car Industry Co., Ltd. and Shenzhen Shenxin Taxi Co., Ltd.), 2 joint ventures (SZPRD Jifa Warehouse Co., Ltd. and Shenzhen Tian'an International Building Property Management Co., Ltd., with the Company holding a 50% stake in both), 1 catering subsidiary and 1 supervision subsidiary.

The main business of the Company is as follows:

#### (1) Real estate

Real estate is the primary business of the Company, operated by 4 of its subsidiaries. The following 5 real estate development projects are currently ongoing:

- 1) Xuzhou Banshanyujing: Won against competition on 10 Feb. 2010, floor space 96,900 m<sup>2</sup>, plot ratio 0.8, total land price RMB192 million, open for sale in December 2016.
- 2) Dongguan Songhulangyuan: Won on 15 Jul. 2010, floor space 66,900 m<sup>2</sup>, plot ratio 2.2, total land price RMB214 million, open for sale at the end of July 2015.
- 3) Yangzhou Hupanyujing: Won on 28 Jan. 2011, floor space 66,600 m<sup>2</sup>, plot ratio 1.4, total land price RMB610 million, Phase II currently open for sale.
- 4) Shenzhen Qianhai project: Obtained in Jul. 2011 in an asset swap promised in the share reform, floor space 19,900 m<sup>2</sup>, plot ratio 3.2, total land price RMB270 million, open for sale in November 2015.
- 5) Shenzhen Golden Collar Holiday: Located at Huanggang Port, historical land, floor space 12,600 m<sup>2</sup>, plot ratio 10.5, total construction area 130,000 m<sup>2</sup>.

The 5 ongoing projects above combined cover a floor space of 231,300 m<sup>2</sup> and a total construction area of 716,100 m<sup>2</sup>, with the plot-ratio-counted and available-for sale area reaching 474,700 m<sup>2</sup>.

#### (2) Property management

The Company currently has 2 property management subsidiaries, namely Shenzhen International Trade Center Property Management Co., Ltd. and Shenzhen Huangcheng Property Management Co., Ltd.

#### (3) Taxi service

The Company currently has 2 taxi service subsidiaries, namely Shenzhen International Trade Center Car Industry Co., Ltd. and Shenzhen Shenxin Taxi Co., Ltd., holding a total of 530 red taxi licenses.

#### (4) Property rental

The Company has now a total area of 86,200 m<sup>2</sup> available for rental, with the letting rate up to 96%.

**(5) Warehousing service**

The warehousing service is mainly provided by SZPRD Jifa Warehouse Co., Ltd., a joint venture where the Company holds a 50% stake, with the total area of the warehouses reaching 35,000 m<sup>2</sup>.

**(6) Catering service**

Operated by Shenzhen International Trade Center Catering Co., Ltd., with a total business area of 1,892 m<sup>2</sup>.

**3. Accounting and financial results****(1) Accounting and financial results for the past three years**

Indicate by tick mark whether the Company performed any retroactive adjustments to or restatement of its accounting data due to changes of accounting policies or correction of accounting errors.

Yes  No

Unit: RMB

	2016	2015	+/-%	2014
Operating revenues	2,059,204,077.18	1,077,418,500.93	91.12%	1,268,451,451.86
Net profit attributable to shareholders of the Company	354,857,241.74	156,819,966.71	126.28%	417,498,679.91
Net profit attributable to shareholders of the Company before exceptional profit and loss	357,519,344.14	18,480,611.70	1,834.56%	253,778,668.88
Net cash flows from operating activities	2,252,041,183.42	309,767,629.66	627.01%	-14,627,057.08
Basic earnings per share (RMB/share)	0.5954	0.2631	126.30%	0.7005
Diluted earnings per share (RMB/share)	0.5954	0.2631	126.30%	0.7005
Weighted average return on equity (%)	15.79%	7.59%	8.20%	21.82%
	December 31, 2016	December 31, 2015	+/-%	December 31, 2014
Total assets	6,654,356,144.10	4,379,763,486.10	51.93%	3,883,288,145.46
Net assets attributable to shareholders of the Company	2,410,434,735.75	2,099,906,766.61	14.79%	2,074,242,662.07

**(2) Financial results by quarter**

Unit: RMB

	1Q	2Q	3Q	4Q
Operating revenues	196,079,291.87	175,978,188.09	157,661,237.17	1,529,485,360.05
Net profit attributable to shareholders of the Company	577,026.01	-5,825,730.64	-1,953,780.96	362,059,727.33
Net profit attributable to shareholders of the Company before exceptional profit and loss	193,418.02	-6,058,699.93	-2,164,014.76	365,548,640.81
Net cash flows from operating activities	877,544,687.88	631,711,806.91	591,805,045.13	150,979,643.50

Indicate by tick mark whether there are any material differences between the financial indicators above or their summations and those which have been disclosed in quarterly or semi-annual reports.

Yes  No

#### 4. Share capital and shareholders

##### (1) Numbers of common shareholders and preference shareholders with resumed voting rights as well as shareholdings of top ten shareholders

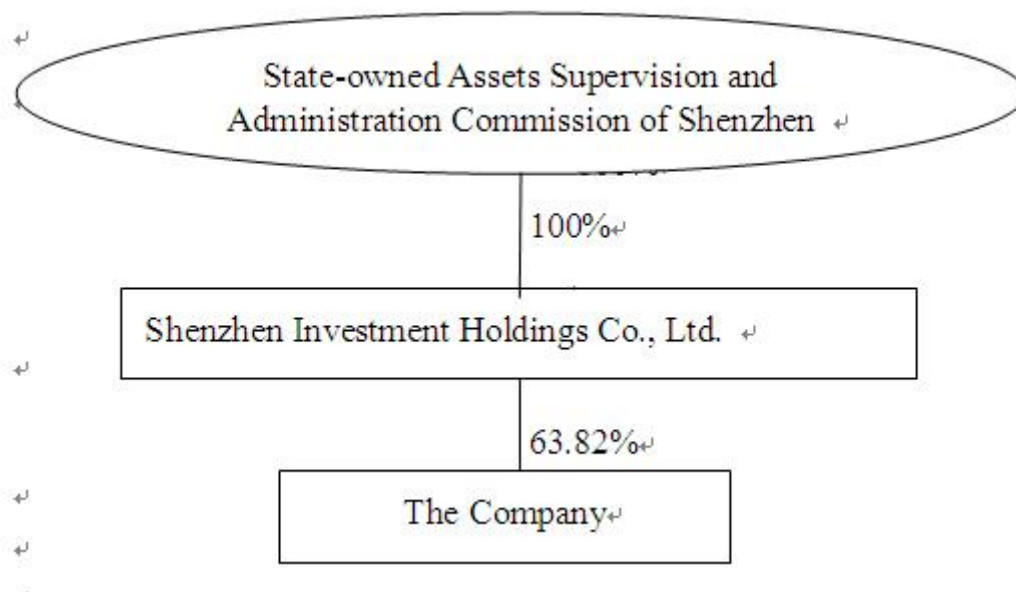
Unit: share

Total number of common shareholders at the period-end	47,510	Total number of common shareholders at the prior month-end before the disclosure of this Report	45,078	Total number of preference shareholders with resumed voting rights at the period-end	0	Total number of preference shareholders with resumed voting rights at the prior month-end before the disclosure of this Report	0
Top 10 shareholders							
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total shares held at the period-end	Number of restricted shares held	Pledged or frozen shares		
					Status	Number	
Shenzhen Construction Investment Holdings Corporation	State-owned corporation	54.33%	323,796,324	293,997,370			
Shenzhen Investment Management Corporation	State-owned corporation	9.49%	56,582,573	56,582,573			
Du Xinye	Domestic individual	0.65%	3,880,800	0			
Zhou Qun	Domestic individual	0.52%	3,115,450	0			
Du Yunfeng	Domestic individual	0.39%	2,323,000	0			
Shenzhen Duty-Free Commodity Enterprises Co., Ltd.	Domestic non-state-owned corporation	0.29%	1,730,300	0			
Mai Furong	Domestic individual	0.25%	1,514,800	0			
Jason Offshore Equipment Co., Ltd.	Domestic non-state-owned corporation	0.23%	1,364,400	0			
Yang Yaochu	Domestic individual	0.22%	1,320,620	0			
Chen Liying	Domestic individual	0.18%	1,076,051	0			
Related or acting-in-concert parties among the shareholders above	The first and second principal shareholders of the Company are managed by Shenzhen Investment Holding Corporation, the actual controlling shareholder of the Company. And the Company does not know whether there are related parties or acting-in-concert parties among the other 8 shareholders.						
Shareholders conducting securities margin trading (if any)	N/A						

**(2) Number of preference shareholders and shareholdings of top ten of them**

Applicable  Not applicable

No preference shareholders in this Reporting Period

**(3) Ownership and control relations between the actual controller and the Company****5. Corporate bonds****(1) Bond profile**

Bond name	Abbr.	Bond code	Due date	Balance (RMB'0,000)	Interest rate

**(2) Latest follow-up rating results and rating result changes**

N/A

**(3) Main financial results of the Company for the recent two years**

Item	2016	2015	+/-%
Debt-to-assets ratio	63.76%	52.03%	11.73%
Total debt-to-EBITDA ratio	0.13	0.12	5.47%
Times interest earned	127.90	13.29	862.53%

**III Performance discussion and analysis****1. Performance review for this Reporting Period**

Investors are kindly reminded to read the full text of this Annual Report carefully and pay special attention to the following risk factors.

Is the Company subject to any disclosure requirements for special industries?

Yes. For the Company engages in real estate, it is subject to the Guideline No. 3 of the Shenzhen Stock Exchange on Information Disclosure by Industry—for Listed Companies Engaging in Real Estate.

### **(1) Review of industry development in this Reporting Period**

#### **1) Analysis on market environment**

In 2016, the macro-economy was stable, the supply-side structural reform produced partial results, the positive factors for economic growth increased, resulting in a new pattern of “dual improvement”. The formation process of new structure, new economy, and new energy accelerated, the adjustment in traditional industry deepened, and the supporting role of innovation to development strengthened. The national GDP in the past year reached RMB 74.41 trillion, representing a year-on-year increase of 6.7% based on calculation at comparable prices. However, due to the mutual contradiction between currency policies of the USA’s raise of interest rate, and Europe and Japan’s continuous quantitative easing, the strong dollar rose sharply, causing more anticipation for foreign exchange outflow and RMB devaluation.

#### **2) Analysis on industry structure and trend**

For details, please refer to “Section III Business Profile”.

### **(2) Overall review of the Company in 2016**

Y2016 is the outset of the Company’s 13th Five Year Plan. In this Reporting Period, while facing the complicated macro and micro environment and being led by the management team of the Company, all cadres and staffs of the Group and the Company made concerted efforts, focused on accomplishing assignments for the full year, firmly grasped the initiative for development, achieved remarkable performance for all businesses, reached to a brand-new height in aspects such as business performance, management system, as well as the cohesive force in the enterprise, realized a good start for the 13th Five Year Plan, and laid a firm foundation for the Company’s better and larger development.

#### **1) The operating revenue broke through RMB 2 billion, realizing a good beginning for the 13th Five Year Plan**

In 2016, the Company achieved operating revenue of RMB 2,059,200,000, bringing about a net profit of RMB 354,860,000 (attributable to owners of the Company). As at the end of 2016, the total assets was RMB 6.654 billion, the equity attributable to owners of the Company amounted to RMB 2.41 billion, the weighted average ROE was 15.79%, the earning per share was RMB 0.595, and the net assets per share was RMB 4.04. Both the operating revenue and assets scale marked record high, and realized a good beginning for the 13th Five Year Plan, laying a firm foundation for the Company’s further leaping development.

#### **2) All projects in construction were sold out well with sparkling highlights**

In 2016, the Company paid close attention to market trend, deeply researched and judged on regulatory policies, captured market opportunities in time, launched Yangzhou Project Phase II, Xuzhou Project Phase I, and so on in due time in respect of sales, and achieved smooth sales of real estate projects. In 2016, the two projects in Shenzhen and Dongguan generated sales revenue of approximately RMB1 billion, Yangzhou Project Phase I and II altogether generated around RMB360 million, and Xuzhou Project Phase I saw a flying start by generating about RMB141 million. The accumulative sales revenue generated by the two projects in Shenzhen and Dongguan reached about RMB3.3 billion, setting a record high for the Company.

#### **3) The project management level was increasingly improved, and the engineering progress was pushed forward in order**

In 2016, as for the Company’s 5 projects in construction, all engineering construction assignments were successfully accomplished, and safety production with zero accident in the whole year was realized. As for Qianhai Project, house owners were allowed to move in 9 months in advance, and all progress targets for project development were successfully accomplished. As for Golden Collar’s Holiday Flat, the construction of podium building was accomplished 43 days earlier. As for Dongguan Project, the completion and verification was accomplished on 30 Nov 2016, and all engineering work was developed sustainably and in order. As for Yangzhou Project Phase II, the check and acceptance of the individual building was finished, and all supporting engineering work was carried forward as scheduled. As for Xuzhou Project, the completion, check, acceptance, and recording processes were accomplished, and was smoothly opened for sale.

#### **4) The property management business was expanded and enlarged, and other supplementary businesses were in firm operation**

In 2016, Shenzhen International Trade Center Property Management Co., Ltd. achieved operating revenue of RMB 348 million, showing an increase as compared with the budget target. Huangcheng Property Management Co., Ltd. achieved operating revenue of RMB 49.8 million, basically reaching the budget target. The property area of the

two property management companies totaled to over 11 million square meters, covering regions including Shenzhen, Hangzhou, Chongqing, Inner Mongolia, and Shandong. Supplementary businesses such as cars, supervision, and leasing were in firm operation and reached the annual targets as planned.

## 2. Significant changes in the main business in this Reporting Period

Yes  No

## 3. Products contributing over 10% of the main business revenue or profit

Applicable  Not applicable

Unit: RMB

Product	Operating revenue	Operating profit	Gross profit margin	Operating revenue: YoY +/-%	Operating profit: YoY +/-%	Gross profit margin: YoY +/-%
Real estate development	1,512,673,490.89	459,994,703.42	69.59%	193.17%	96.57%	14.94%
Property management	322,241,780.02	311,316,025.73	3.39%	-3.35%	-1.55%	-1.76%

## 4. Seasonal or periodic characteristics in the operating performance that need special attention

Yes  No

## 5. Significant YoY changes in the operating revenues, operating costs and net profit attributable to the common shareholders or their composition

Applicable  Not applicable

## 6. Possibility of listing suspension or termination

Applicable  Not applicable

## 7. Issues related to the financial report

### (1) YoY changes in accounting policies, accounting estimations and measurement methods

Applicable  Not applicable

No changes.

### (2) Retroactive restatements due to correction of significant accounting errors in this Reporting Period

Applicable  Not applicable

No such cases.

**(3) YoY changes in the scope of the consolidated financial statements**

Applicable  Not applicable

No changes.