

Stock Code: 000029, 200029

Stock Name: SPG A, SPG B

Announcement No.: 2017-058

SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES (GROUP) CO., LTD. SEMI-ANNUAL REPORT 2017 (ABSTRACT)

I Important Notes

This Abstract is based on the full text of the Semi-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”).

Objections against this Report raised by the directors, supervisors and senior management:

Name	Office title	Objection and reason
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Statement:

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

Name	Office title	Reason for not attending in person	Proxy
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Modified auditor’s opinion:

Applicable Not applicable

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

Applicable Not applicable

The Company plans not to distribute cash dividends or bonus shares or convert capital reserve into share capital.

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

Applicable Not applicable

This Abstract has been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.

II Company Profile

1. Stock Profile

Stock name	SPG A, SPG B	Stock code	000029, 200029
Stock exchange	Shenzhen Stock Exchange		
Contact information	Board Secretary	Securities Representative	
Name	Mr. Chen Ji	Mr. Luo Yi	
Office address	47/F, SPG Plaza, Renmin South Road, Shenzhen, Guangdong Province, P.R.China	47/F, SPG Plaza, Renmin South Road, Shenzhen, Guangdong Province, P.R.China	
Tel.	(86 755) 82293000-4718	(86 755) 82293000-4715	
E-mail	spg@163.net	spg@163.net	

2. Key Consolidated Operating Results

Indicate by tick mark whether the Company needs to retroactively restate any of its accounting data.

Yes No

	Reporting Period	Same period of last year	+/- (%)
Operating revenue (RMB)	731,306,982.03	1,097,886,969.68	-33.39%
Net profit attributable to shareholders of the Company (RMB)	137,226,601.84	134,761,121.51	1.83%
Net profit attributable to shareholders of the Company before exceptional gains and losses (RMB)	137,080,046.11	127,321,586.10	7.66%
Net cash from operating activities (RMB)	-97,700,697.19	426,167,980.76	-122.93%
Basic earnings per share (RMB/share)	0.1356	0.1332	1.80%
Diluted earnings per share (RMB/share)	0.1356	0.1332	1.80%
Weighted average return on equity (%)	5.06%	5.62%	-0.56%
	End of Reporting Period	End of last year	+/- (%)
Total assets (RMB)	3,795,348,770.68	3,785,600,783.23	0.26%
Net assets attributable to shareholders of the Company (RMB)	2,782,523,104.61	2,643,860,443.09	5.24%

3. Shareholders and Their Holdings at Period-End

Unit: share

Total number of common shareholders at period-end	76,442	Total number of preference shareholders with resumed voting rights at period-end (if any)	0			
Top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held	Restricted shares held	Pledged or frozen shares	
					Status	Number
Shenzhen Investment Holdings Co., Ltd	State-owned corporation	63.55%	642,884,262			
Shandong Gold Financial Holding Capital Management Co., Ltd. — Shandong Gold Financial Holding Sustaining Fund 1	Domestic non-state-owned corporation	1.02%	10,300,000			
Lu Zhigao	Domestic individual	0.32%	3,246,949			
Tan Shiqing	Domestic individual	0.13%	1,286,701			
Yang Shuilian	Domestic individual	0.13%	1,273,700			
Yang Jianxiong	Domestic individual	0.12%	1,255,750			
Central Huijin Asset Management Co., Ltd.	State-owned corporation	0.12%	1,165,500			
Peng Wei	Domestic individual	0.11%	1,129,082			
Wu Haoyuan	Foreign individual	0.11%	1,109,300			
Guotai Junan Securities (Hong Kong) Limited	Foreign corporation	0.10%	1,015,683			
Related or acting-in-concert parties among shareholders above	The Company has found no related parties or act-in-concert parties as defined in the Administrative Measures for Shareholding Changes in Listed Companies among the shareholders above.					
Shareholders conducting securities margin trading (if any)	Shareholder No. 4 holds all his shares in the Company in his account of collateral securities for margin trading. Shareholder No.3 holds some of his					

	shares in the Company in such an account.
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4. Change of Controlling Shareholder or Actual Controller in Reporting Period

Change of the controlling shareholder in the Reporting Period:

Applicable Not applicable

The controlling shareholder remained the same in the Reporting Period.

Change of the actual controller in the Reporting Period:

Applicable Not applicable

The actual controller remained the same in the Reporting Period.

5. Number of Preference Shareholders and Shareholdings of Top 10 of Them

Applicable Not applicable

No preference shareholders in the Reporting Period.

6. Corporate bonds

Does the Company have any corporate bonds publicly offered and listed on the stock exchange, which were undue before the approval date of this Report or were due but could not be redeemed in full?

No.

III Performance Discussion and Analysis

1. Performance Review for Reporting Period

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

Yes, because the Company engages in real estate.

(1) Business Review for Reporting Period

2017 marks the second year of the Company's 13th five-year plan for development, as well as a key year for the Company to carry out its significant asset reorganization program. In the first half of the year, the growth slowdown in the macro economy and continued government controls weighed on the real estate sector. Under such circumstances, in addition to proactively and carefully carrying forward its significant asset reorganization program, the Company adhered to the thinking of "Carefully Draw up Development Strategies, Particularly Focus on Main Business, Strictly Control Costs and Continuously Improve Management Capability" and put greater efforts into promoting project construction and marketing, so as to achieve stable development.

In the Reporting Period, the Company made a concerted effort to overcome difficulties and steadily promote project construction. As a result, for this period, the Company achieved, on a consolidated basis, operating revenue of RMB731 million, down 33.39% compared to the same period of last year; a gross profit of RMB184 million, representing a year-on-year growth of 1.86%; and a net profit attributable to shareholders of the Company of RMB137 million, increasing 1.83% from a year earlier. As of June 30, 2017, net assets attributable to shareholders of the Company were equal to RMB2.783 billion, a 5.24% rise compared to the corresponding figure as of the end of last year.

① As one of the earliest real estate listed companies in Shenzhen, the Company has a history over 30 years in real estate development in Shenzhen and rich experience in the main business of real estate development. In recent years, thanks to the experience learned from the SPG Chuanqishan project in Guangming, Shenzhen, the SPG Shanglin Garden project in Longgang, Shenzhen and the project in Shantou, the Company accelerates the establishment of a modern enterprise HR management system and works hard in building a professional and high-quality development team. It also keeps improving the management mechanism and processes for project development. As a result, the professionalism and management capability of the Company have improved significantly; planning, construction, cost control, marketing capability and brand image have been effectively enhanced; and the operational capability in the main business of real estate keeps increasing, along with the core competitiveness. During the reporting period, the key projects of the Company focused on Shenzhen and Shantou, and the construction of projects basically meets expectation. The Company pays close attention to product quality and progress, and timely adjusts marketing strategies. The development and sales of projects are under smooth progress, and the development and operation of the main industry are in good order.

② The Company further improves the development and management system, focuses on management of safety in production and tightens cost control. For projects in Shenzhen area, roof capping of main structure of the Cuilinyuan project and the Tianju Jingtian Apartment Block project has been completed, and basement of the Chuanqi Donghu Mingyuan project is under construction. Roof capping of main structure of Shantou Tianyuewan Phase I has been completed, and acceptance of the project is expected to be completed by the end of the year; while planning and design of the second phase will be completed before the end of the year.

During the Reporting Period, the main real estate projects under construction of the Company include the Cuilinyuan project (south section of the SPG Shanglin project), the Tianju Jingtian Apartment Block project, the Chuanqi Donghu Mingyuan project, the Shantou Tianyuewan project, etc. The details are as follows:

Project	Location	Type of project	Status	The Company's stake	Covering area (m ²)	Building area with plot ratio (m ²)	Completed building area (m ²)	Total expected investment (RMB'0,000)	Accumulated investment (RMB'0,000)
Cuilinyuan	Shenzhen	Housing	Under construction	100%	16,424.29	60,450	0	57,000	33,890
Tianju Jingtian Apartment Block	Shenzhen	Apartment block	Under construction	49%	4,243.34	42,412	0	24,865	9,969
Shantou Tianyuewan Phase I	Shantou	Housing	Under construction	100%	31,167.50	153,578.51	0	79,801	49,386
Chuanqi Donghu Mingyuan	Shenzhen	Housing	Under construction	100%	5,889.7	45,043.72	0	73,200	14,923

③ Land reserves for future development by the end of the Reporting Period:

Project	Location	Land area (m ²)	Building area with plot ratio (m ²)
Shantou Tianyuewan Phase II	Shantou	33,362	127,661
Shantou Xinfeng Building	Shantou	5,920	26,640
Total		39,282	154,301

Note: The Company's real estate projects do not involve primary land development.

(2) Management Review for First Half of 2017

① The Company fundamentals remain stable and healthy with reasonable debt structure, good financial condition and ample cash flow. During the reporting period, macro-economy is facing downward pressure, and sustained control of real estate forces the industry to continue to face the pressure of destocking on a national scale. The Company's real estate development and sales mainly concentrate in Shenzhen and Shantou. The sales revenue and profit in the region of Shenzhen, where overall sales are good, accounted for more than 90%. Thus the future destocking pressure mainly exists in Shantou region, of which sales revenue and profit account for a much smaller proportion. Therefore, the future business performance and profitability of the Company are less affected.

A. Financing of the Company:**a. Trade acceptance**

Item	Closing balance (RMB'0,000)
Trade acceptance	1,640.59
Pledged loan	11,666.00

As of June 30, 2017, the trade acceptance discounted but not matured is RMB16,405,900, and the balance of related pledged borrowing is RMB16,405,900. When the trade acceptance cannot be honored when it is mature, the bank has the power to ask the Company to repay the amount un-settled. The Company continues to recognize the carrying amount of the trade acceptance and records the amount of RMB116.66 million received as pledged borrowing because of the transfer, due to the Company's undertaking the main risk, such as credit risk, relating with the trade acceptance.

b. Bank borrowing

No.	Financing Category	Term	Currency	Amount (RMB'0,000)			Purpose	Interest Rate Range (%)
				Credit	Drawing	Remaining Principal at End of Reporting Period		
1	Bank borrowing	1 year	RMB	2,960	2,960	2,960	Short-term credit borrowing	4.79-5.44
2	Bank borrowing	3-5 years	RMB	32,000	32,000	15,800	Medium and long-term borrowing	5.235
Total			RMB	34,690	34,690	18,490		

② The main industry develops in a good order. The Company further improves the development and management system, focuses on management of safety in production and tightens cost control. During the Reporting Period, construction of real estate projects of the Company are under order progress. As for Shenzhen region, external scaffolding of the Cuilinyuan project has been removed; Foundation pit excavation of the Chuanqi Donghu Mingyuan project has been finished, and main structure of basement is under construction; the Tianju Jingtian Apartment Block is currently in the construction phase of installation engineering. As for the Shantou Tianyuewan Phase I project, roof capping has been finished, and acceptance is expected to be completed before the end of the year.

Industry, product or regional situation accounting for more than 10% of the Company's operation revenue or operation profit:

Unit: RMB'0,000

Operation Revenue	Operation Cost	Gross Margin	Operation Revenue Increased or Decreased over the Same Period of Last Year	Operation Cost Increased or Decreased over the Same Period of Last Year	Gross Margin Increased or Decreased over the Same Period Last Year

By industry						
Real estate	39,519	19,799	49.90%	-25.63%	-34.46%	6.75%
Engineering construction	23,007	22,354	2.84%	-51.28%	-50.33%	-1.87%
By product						
House	37,388	19,217	48.60%	-20.82%	-29.93%	6.69%
Shop	2,130	582	72.69%	-64.00%	79.09%	19.70%
By region						
Guangdong province	70,495	46,869	33.51%	-32.96%	-39.32%	6.98%

③ Real estate sales basically meet expectations. The Company is concerned about policy and market dynamics, and adjusts marketing strategies based on regulatory policies and market changes. Project sales basically meet the early year plan. Opening sales of the Cuilinyuan project began in June in accordance with the schedule of early year plan; the Jinyedao project's remaining suites and the Chuanqi Shanglin project's villas basically achieve the sales target, while sales of the Shantou Yuejing Dongfang project and the Shantou Tianyuewan project is slightly behind schedule.

A. Carryover and sales of major real estate projects in the Reporting Period

Unit: RMB'0,000

	Region	Operation Revenue	Operation Cost	Operation Margin	Gross Margin (%)
SPG Chuanqishan	Shenzhen	19,397	9,989	9,408	48.50
SPG Shanglin Garden	Shenzhen	17,719	8,149	9,570	54.01
Shantou Jinyedao	Shantou	578	215	363	62.80
Shantou Yuejing Dongfang	Shantou	1,825	1,446	379	20.77
Total		39,519	19,799	19,720	49.90

B. Sales of real estate projects in the Reporting Period

Unit: square meters

No.	Name of Project	Market Opening	Equity Ratio	Region	Sales Area Available at the Beginning of the Year	Current Sold Area	Current Settlement Area
1	SPG Chuanqishan	November 2012	100%	Shenzhen	625	279	3,969
2	SPG Shanglin Garden	October 2013	100%	Shenzhen	3,852	2,895	5,912
3	Yuejing Dongfang	December 2013	100%	Shantou	5,000	3,648	2,090
4	Jinyedao	July 1996	100%	Shantou	5,000	3,161	600
5	Tianyuewan Phase I	October 2016	100%	Shantou	40,000	2,257	
6	SPG Cuilinyuan	June 2017	100%	Shenzhen	18,000		
Total					72,477	12,240	12,571

④ Real estate rental of the Company is stable with steadily rising rental price as well as good occupancy rate and rental recovery rate. The main rental items are as follows:

Unit: square meters

Region	Name of Building	Rentable Area	Rented Area	Occupancy Rate	Type of Operation	Land Ownership	Equity Ratio
Shenzhen	Real estate Mansion	3,413.88	3,413.88	100%	Commercial Building	The Company	100%
Shenzhen	North Block of Guoshang Mansion	4,819.71	4752.98	98.62%	Commercial Building	The Company	100%
Shenzhen	Petrel Building	22,475.47	22,475.47	100%	Commercial Building	The Company	100%
Shenzhen	SPG Plaza	59774.17	51344.7	86%	Office	The Company	100%

					Building		
Shenzhen	SPG Plaza Podium	21456.72	21456.72	100%	Commercial Building	The Company	100%
Shenzhen	Wenjin Garden	3,531.60	3,531.60	100%	Commercial Building	The Company	100%
Total		115,471.55	106,975.35				

⑤ Enterprises affiliated strengthen their management and improve their service level to expand the market. The operation management of the enterprises basically meet expected targets in the reporting period.

(3) Outlook of the Company's Future Development

In the second half of 2017, the Company will work hard to overcome the sales pressure brought by the macro-control and adjust the business strategies according to local conditions. Main items for sales include the new buildings of the Cuilinyuan project, remaining villas of the Chuanqishan project, remaining villas and shops of the Chuanqi Shanglin project, as well as Shantou Tianyuewan Phase I, remaining suites of the Jinyedao project and the Yuejing Dongfang project. Working plan of the second half of the year is as follows:

- ① Enhance project development, coordinate management and control capacity, promote project construction according to plan, and push forward project construction on the premise of ensuring safety and quality. Acceptance of the Shantou Tianyuewan Phase I project will be completed before the end of year. Construction application and tender of the second phase will be accelerated, and construction will begin according to actual situation. Acceptance of the Tianju Jingtian Apartment Block will be completed before the end of the year. Adjust marketing strategies, strengthen promotion and sales to achieve the expected real estate sales target.
- ② Promote the Company's major asset reorganization in accordance with regulatory requirements.
- ③ Carry out the special governance activities of "inaction", strengthen enterprise management and cost control, and constantly enhance execution of the whole Company.
- ④ Strengthen financial management, reasonably balance debt structure, prevent and control financial risks and tighten internal control.
- ⑤ Enhance rental management, constantly improve rental and platform leasing work, and focus on raising occupancy rate and rental recovery rate.

2. Matters Related to Financial Report

(1) Changes in Accounting Policies, Accounting Estimations and Measurement Methods Compared to Last Accounting Period

Applicable Not applicable

No such cases.

(2) Retroactive Restatements due to Correction of Significant Accounting Errors in Reporting Period

Applicable Not applicable

No such cases.

(3) Changes in Scope of Consolidated Financial Statements Compared to Last Accounting Period

Applicable Not applicable

No such cases.