

Stock Code: 000011, 200011

Stock Name: PRD, PRD-B

Announcement No. 2018-27

SHENZHEN PROPERTIES & RESOURCES DEVELOPMENT (GROUP) LTD.

INTERIM REPORT 2018 (SUMMARY)

Part I Important Notes

This Summary is based on the full text of the 2018 Interim Report of ShenZhen Properties & Resources Development (Group) Ltd. (together with its consolidated subsidiaries, the “Company”, except where the context otherwise requires). In order for a full understanding of the Company’s operating results, financial condition and future development plans, investors should carefully read the aforesaid full text, which has been disclosed together with this Summary on the media designated by the China Securities Regulatory Commission (the “CSRC”).

Objections raised by any of the directors, supervisors or senior management against any contents in this Report or its summary:

Name	Office title	Objection and explanation of why
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Statement of objection:

Except for the following directors, all the other directors attended in person the Board meeting for the review of this Report and its summary.

Name	Office title	Reason for not attending meeting in person	Proxy
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Independent auditor’s modified opinion:

Applicable Not applicable

Board-approved interim cash and/or stock dividend plan for ordinary shareholders:

Applicable Not applicable

The Company has no interim dividend plan, either in the form of cash or stock.

Board-approved interim cash and/or stock dividend plan for preferred shareholders:

Applicable Not applicable

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

Part II Key Corporate Information

1. Stock Profile

Stock name	PRD, PRD-B	Stock code	000011, 200011
Stock exchange for stock listing	Shenzhen Stock Exchange		
Contact information	Board Secretary	Securities Representative	
Name	Fan Weiping	Qian Zhong and 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	
Tel.	0755-82211020	0755-82211020	
E-mail address	000011touzizhe@szwuye.com.cn	000011touzizhe@szwuye.com.cn	

2. Key Financial Information

Indicate by tick mark whether there is any retrospectively restated datum in the table below.

Yes No

	H1 2018	H1 2017	Change (%)
Operating revenue (RMB)	825,013,984.97	1,317,146,732.43	-37.36%
Net profit attributable to the listed company's shareholders (RMB)	82,972,527.59	364,355,770.43	-77.23%
Net profit attributable to the listed company's shareholders before exceptional items (RMB)	81,963,134.32	367,822,064.03	-77.72%
Net cash generated from/used in operating activities (RMB)	-225,591,985.81	-500,537,688.53	-54.93%
Basic earnings per share (RMB/share)	0.1392	0.6114	-77.23%
Diluted earnings per share (RMB/share)	0.1392	0.6114	-77.23%
Weighted average return on equity (%)	2.80%	14.25%	-11.45%
	30 June 2018	31 December 2017	Change (%)
Total assets (RMB)	4,599,956,823.31	5,393,331,548.87	-14.71%
Equity attributable to the listed company's shareholders (RMB)	2,826,287,954.15	2,921,693,794.08	-3.27%

3. Shareholders and Their Holdings at Period-End

Unit: share

Number of ordinary shareholders		44,698		Number of preferred shareholders with resumed voting rights (if any)		0	
Top 10 shareholders							
Name of shareholder	Nature of shareholder	Shareholding percentage	Number of shares	Restricted shares	Pledged or frozen shares		
					Status	Shares	
Shenzhen Construction Investment Holdings Corporation	State-owned legal person	54.33%	323,796,324	293,997,370			
Shenzhen	State-owned	9.49%	56,582,573	56,582,573			

Investment Management Corporation	legal person					
Du Xinye	Domestic natural person	0.65%	3,880,800			
Zhou Qun	Domestic natural person	0.52%	3,115,450			
Du Yunfeng	Domestic natural person	0.39%	2,323,000			
Shenzhen Duty-Free Commodity Enterprises Co., Ltd.	Domestic non-state-owned legal person	0.29%	1,730,300	1,730,300		
Yang Yaochu	Domestic natural person	0.24%	1,410,620			
Wuhan Xingkaiyuan Electric Power Engineering Co., Ltd	Domestic non-state-owned legal person	0.22%	1,300,000			
Li Jing	Domestic natural person	0.20%	1,176,740			
Mai Furong	Domestic natural person	0.19%	1,130,500			
Connected or acting-in-concert parties among 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 any connected parties or acting-in-concert parties among the other 8 shareholders.					
Shareholders conducting margin trading (if any)	N/A					

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 Preferred Shareholders and Shareholdings of Top 10 of Them

Applicable Not applicable

No preferred 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 date of this Report's approval or were due but could not be redeemed in full?

No.

Part III Operating Performance Discussion and Analysis

1. Business Overview of Reporting Period

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

No.

After the 19th National Congress of the Communist Party of China, the idea that “housing is for living in, not for speculation” has been imposed and put into effort in China’s real estate sector, and a multi-tier and multi-source housing supply system has gradually matured, which has brought the sector into a “Bronze Age”. Meanwhile, the rental market is vibrant. It was said at a meeting of the Political Bureau of the Communist Party of China Central Committee on 31 July 2018 that the government is determined to solve real estate issues through adopting different policies for different cities, promoting supply and demand balance, reasonably guiding expectations, restoring the market order, resolutely preventing housing price increases, and accelerating the formulation of long-acting mechanisms designed to promote steady and healthy development of the real estate sector. Firstly, it has been made clear at the meeting that new real estate tightening measures will not be the same as before. Secondly, judging from the change in expression from “prevent housing prices from going up too fast” to “resolutely prevent housing price increases”, it can be seen that the government has become more determined on real estate tightening. In the second half of 2018, real estate tightening measures will be focused on maintaining a healthy market environment through correcting irregularities, improving the rental market, accelerating the formulation of long-acting mechanisms designed to promote steady and healthy development of the real estate sector instead of short-term tightening measures, etc. These moves will produce profound effects on the future development of the real estate sector. A new housing concept will be promoted to emphasize that housing is for living in and discourage use of housing as a means of investment. Stricter regulatory policies, measures and enforcement could hit real estate sales again and gradually bring the sector into a “Bronze Age” characterized by smaller margins per house sold. And real estate developers would have to focus on selling more houses. Meanwhile, land supply in major markets is starting to lean toward the rental market, especially toward long-term lease buildings, low-income housing, housing with shared ownership, etc. As developers enter the long-term lease market one after another, the rental market is expected to embrace growth opportunities.

(1) Highlights of the Company’s Major Operating Divisions

Firstly, property developments are poised for strong sales. With the positioning and decoration standards for the fully furnished model house of the Golden Collar’s Resort determined upon quite many field visits, as well as with fruitful attempts to work with iconic firms, the Company will try to get this property development ready for sale within this year. With respect to the Qianhai Gangwan Garden, the marketing plan, price filing and other preparations have been completed and it will be open for sale in the second half of this year, with great effort to be spent on achieving the sales target. Meanwhile, capitalizing on a good timing, the Dongguan-located Songhu Langyuan has generated sales up to RMB0.16 billion for the Reporting Period. As for the Xuzhou and Yangzhou real estate subsidiaries, they have adjusted their marketing strategies in a timely manner for faster sales.

Secondly, the property management division continued to operate healthily. Shenzhen International Trade Center Property Management Co., Ltd. has successfully partnered up with 15 new properties in the first half of 2018, with an increment of 0.86 million square meters under its management. It has also successfully cooperated with 8 new industrial parks, which indicates a bigger business scale. It will strive for the fulfillment of its annual objectives and tasks. In the meantime, Shenzhen Huangcheng Property Management Co., Ltd. has successfully included a new area of 0.15 million square meters under its management. It has also been promoting the cooperation with the Yangzhou joint venture to leverage each other’s competitive edges and grow stronger.

Finally, the rental division has great potential of growth. For the six months ended 30 June 2018, the Company’s rental subsidiaries recorded rental income of approximately RMB34 million with an occupancy rate up to 94%. The Company is working on long-term lease developments including the ONE39 Building, the Fumin Complex and the Chuanbujie to explore a development model of “Long-term leases + commercial usage + offices”. It is also studying to establish a standardized operational system for long-term lease products.

(2) Progress of Major Ongoing Projects

A. SZPRD-Golden Collar's Resort (located in the Shenzhen city): The project has been orderly carried forward on the basis of the schedule of construction contract. The construction of the major structure was accomplished 5 days in advance. All the major structures had been capped by October 2017, and interior and exterior decoration is underway.

B. SZPRD-Qianhai Gangwan (located in the Shenzhen city): House owners started to move in in December 2016. Currently, remainder sales are underway.

C. SZPRD-Songhu Langyuan (located in the Dongguan city): In the first half of the year under review, we mainly finished the construction of landscape architectures and preliminary inspection. Open for sale at the end of July 2015, this project is currently undergoing remainder sales.

D. SZPRD-Hupan Yujing (located in the Yangzhou city): Currently, remainder sales are underway.

E. SZPRD-Banshan Yujing (located in the Xuzhou city): Currently, remainder sales of Phase I are underway.

More details are given as follows:

Project	Location	Site area (m ²)	Floor space (m ²)	Space available for sale (m ²)	Status	Time of completion	The Company's stake (%)
Qianhai Gangwan	Nanshan District in Shenzhen city	19,894	98,545	63,325	Completed and commercially available	October 2016	100
Yangzhou Hupan Yujing Phase I	Weiyang District in Yangzhou city	25,228	50,948	48,871	Completed and commercially available	June 2015	100
Yangzhou Hupan Yujing Phase II	Weiyang District in Yangzhou city	41,331	74,267	73,019	Completed and commercially available	November 2017	100
Xuzhou Banshan Yujing Phase I	Tongshan District in Xuzhou city	65,332	100,774	85,653	Completed and commercially available	November 2016	100
Xuzhou Banshan Yujing Phase II	Tongshan District in Xuzhou city	31,537	28,300	-----	In preparation for construction	December 2019	100
Songhu Langyuan	Dalang Town in Dongguan city	66,882	207,459	140,911	Completed and commercially available	July 2017	100
Golden Collar's Resort Apartment Building	Futian District in Shenzhen city	12,598	182,829	-----	Under construction	March 2019	100
Fuchang Phase II	Futian District in Shenzhen city	4,574	30,500	-----	In preparation for construction	June 2021	100
Huiyang Danshui	Huiyang District in Huizhou city	17,700	61,950	-----	In preparation for construction	In preparation for construction	100

Note: The space of the Yangzhou Hupan Yujing project includes the parking area.

(3) Properties for Rent

Type of property	Occupied space (m ²)	The Company's stake (%)
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Offices	22370.4	100%
Shops	43787.3	100%
Plants	7523.95	100%
Residential units	5156.51	68.6%
Hotels	8322.56	100%
Complexes	1583.25	100%
Total	88743.97	-----

The Company is subject to the Guideline No. 3 of the Shenzhen Stock Exchange on Information Disclosure by Industry—for Listed Companies Engaging in Real Estate.

See “Part IV Operating Performance Discussion and Analysis”, “I Overview” of the full text of the interim report.

2. Matters Related to Financial Reporting

(1) Changes in Accounting Policies, Accounting Estimates or Measurement Methods Compared to Last Accounting Period

Applicable Not applicable

No such changes.

(2) Retrospective Restatements due to Correction of Material 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 changes.