

Stock Code: 000029, 200029

Stock Name: SPG, SPG-B

Announcement No. 2020-064

SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES (GROUP) CO., LTD. INTERIM REPORT 2020 (SUMMARY)

Part I Important Notes

This Summary is based on the full text of the Interim Report of ShenZhen Special Economic Zone Real Estate & Properties (Group) Co., 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”).

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
------	--------------	--	-------

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	SPG, SPG-B	Stock code	000029, 200029
Stock exchange for stock listing	Shenzhen Stock Exchange		
Contact information	Board Secretary	Securities Representative	
Name	Tang Xiaoping	Luo Yi	
Office address	47/F, SPG Plaza, Renmin South Road, 47/F, SPG Plaza, Renmin South Road,		

	Shenzhen, Guangdong, P.R.China	Shenzhen, Guangdong, P.R.China
Tel.	(86 755) 82293000-4638	(86 755) 82293000-4715
E-mail address	tangxiaoping0086@126.com	spg@163.net

2. Key Financial Information

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

Yes No

	H1 2020	H1 2019	Change (%)
Operating revenue (RMB)	596,258,495.40	1,251,337,802.57	-52.35%
Net profit attributable to the listed company's shareholders (RMB)	97,274,985.72	333,155,843.41	-70.80%
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	85,184,270.99	322,865,954.53	-73.62%
Net cash generated from/used in operating activities (RMB)	-212,242,798.59	685,675,245.10	-130.95%
Basic earnings per share (RMB/share)	0.0962	0.3293	-70.79%
Diluted earnings per share (RMB/share)	0.0962	0.3293	-70.79%
Weighted average return on equity (%)	2.68%	9.81%	-7.13%
	30 June 2020	31 December 2019	Change (%)
Total assets (RMB)	4,485,810,299.86	4,909,669,536.09	-8.63%
Equity attributable to the listed company's shareholders (RMB)	3,597,595,143.65	3,666,874,569.99	-1.89%

3. Shareholders and Their Holdings as at the End of the Reporting Period

Unit: share

Number of ordinary shareholders	76,442	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	Shares in pledge or frozen	
					Status	Shares
Shenzhen Investment Holdings Co., Ltd.	State-owned legal person	63.55%	642,884,262			
Shandong Gold Financial Holding Capital Management Co., Ltd. — Shandong Gold Financial Holding Sustaining Fund 1	Domestic non-state-owned legal person	1.02%	10,300,000			
Lu Zhigao	Domestic natural person	0.32%	3,246,949			
Tan Shiqing	Domestic natural person	0.13%	1,286,701			

Yang Shuilian	Domestic natural person	0.13%	1,273,700			
Yang Jianxiong	Domestic natural person	0.12%	1,255,750			
Central Huijin Asset Management Co., Ltd.	State-owned legal person	0.12%	1,165,500			
Peng Wei	Domestic natural person	0.11%	1,129,082			
Wu Haoyuan	Foreign natural person	0.11%	1,109,300			
Guotai Junan Securities (Hong Kong) Limited	Foreign legal person	0.10%	1,015,683			
Related or acting-in-concert parties among the shareholders above	The Company has found no related parties or acting-in-concert parties as defined in the Administrative Measures for Shareholding Changes in Listed Companies among the shareholders above.					
Shareholders involved in securities margin trading (if any)	The fourth shareholder holds all his shares in the Company in his accounts of collateral securities for margin trading. And the third shareholder holds some of his shares in the Company in such accounts.					

4. Change of the Controlling Shareholder or the Actual Controller in the 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 on the stock exchange, which were outstanding 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 the Reporting Period

Is the Company subject to any industry-specific disclosure requirements?

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.

For the first half of 2020, the Company recorded operating revenue of RMB596 million, down 52.35% year-on-year; a profit before tax of RMB141 million, down 68.40% year-on-year; and a net profit attributable to the listed company's shareholders of RMB97 million, down 70.80% year-on-year. As at 30 June 2020, total assets stood at RMB4,486 million, down 8.63% from the beginning amount; total liabilities stood at RMB1,030 million, down 25.63% from the beginning amount; and the debt/asset ratio was 22.96%, down by 5.25 percentage points from the beginning ratio.

Since its abrupt occurrence at the beginning of 2020, COVID-19 has continued to spread throughout the whole world, dragging global economy into the most severe recession since the Great Depression. The central government has stepped up effort in regular epidemic prevention and control, and promoted the resumption of work and production on all fronts. In the first quarter, with the substantial decline in domestic consumption and investment, the economy faced greater downward pressure; in the second quarter, the real estate market operation exhibited a momentum of recovery. In terms of policy, the country has continued the orientation that "Houses are for living in, not for speculating on" and implemented real estate policies appropriate to local situation, leading to an obvious trend of differentiation between urban regions.

Facing the complicated and tough macro-economic environment and the fierce market competition, the Company's operation team has braved the challenges and implemented policies in a targeted way. They have balanced between the epidemic prevention and control and business development and tightened effort in all work, in a bid to counter the negative impact brought by COVID-19. In general, the Company has carried out its work orderly in all aspects, including the development of main businesses, operations management, assets restructuring, Party building, epidemic prevention and control, and production safety.

(I) Highlights in Main Business Development

1. Property sales reached the target. To weaken the negative impact of COVID-19 on property sales, the Company carried out promotion and developed customers through multiple channels, including placing equal focus on online and offline promotion. During the Reporting Period, the Company outperformed the target for new contract-based sales, laying a solid foundation for the accomplishment for the target of the whole year.

2. Projects were advanced steadily. As at the end of the Reporting Period, landscaping of Chuanqi Donghu Mingyuan in Shenzhen was improved and handed over, and the construction and installation for the residence gate were completed; main works of Shantou Tianyuewan were completed, and landscaping of the mountain park was completed.

(II) Stable Operations Management with Improvement

1. Financial management was regulated and effective. While ensuring the satisfaction of need for working capital, the Company fully increased the efficiency of idle fund. It strengthened communication with its cooperating banks to withdraw the fund from property sales. In early May, the Company successfully executed the cash dividends for 2019. During the Reporting Period, the Company gained an income of more than RMB20 million from wealth management, including structured deposits and agreement-based deposits with banks.
2. Property leasing moved ahead under pressure. Under the double impact of COVID-19 and economic downturn, situations such as cancellation of leasing and reduction of leasing size have been frequent. Focusing on customers' needs, the Company made every effort to retain existing customers and develop new customers in a bid to expand business while maintaining the base.
3. Breakthroughs were made in problems carried over from the past. During the Reporting Period, the Company sped up the collection of overdue payment in lawsuits involving overdue rentals and management fees, and won the lawsuits with executable judgement.
4. Solid achievements were made in cost control. By firmly sticking to a full-cost, whole-process and penetrating management concept in production and operation, the Company continued to strengthen project cost control, with satisfying results achieved.

(III) Continuous Advancement of Assets Restructuring

During the Reporting Period, the Company remained in share trading suspension due to major assets restructuring. It continued to proactively work on fundamental matters, including due diligence for restructuring, additional audit, additional evaluation and the updating of restructuring related material and information. The Company disclosed the progress of those matters strictly in accordance with regulations and went through the procedures for share trading suspension and resumption. It continued to keep in touch with all restructuring related parties, and strengthened communication with regulatory authorities. In addition, it answered calls from investors patiently and attentively, and replied to their questions on irm.cninfo.com.cn, winning their understanding and support.

(IV) Realistic and Pragmatic Approach for Party Building

The Company persisted in synchronous research, arrangement and advancement for its efforts in Party building and business. It gave full play to the leading role of the Party committee in controlling the direction, managing the overall situation and ensuring implementation. The Company attached great importance to the Party's political theory learning and education, and ensured regular and policy-based learning in the Theory Center Group of its Party committee. All its Party committee and branches strictly implemented the "Three Meeting One Lesson" System and the "Five-One" Project for Party members' education, promoted Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era into the Company's front line, and consolidated the results of themed education. The Company continued to improve the accountability for the development of honest and non-corruptible practice. It established a list of key tasks for such development, strengthened the "Two responsibility", and continuously enforced full and strict discipline over its Party members.

(V) Marked Achievements in Epidemic Prevention and Control

During the Reporting Period, there was no cluster infection among the Group's more than 1,900 employees, over 30 residences operated and managed by its property management subsidiary, and thousands of office workers at SPG Plaza. Additionally, the Company proactively fulfilled its social responsibilities as a state-owned enterprise. During the Reporting Period, it cut and exempted property rentals of more than RMB10 million and donated RMB500,000 for the epidemic prevention and control in Hubei.

(VI) Stable and Orderly Safe Production

The Company upheld the safety concept in its entire production process, implemented the accountability system for production safety, and strengthened the roles in production safety. It kept a tight grip on the identification and management of safety hazards, persisted in zero tolerance on safety hazards, and reinforced its defense line for production safety. Through a combination of measures, the Company conducted training to promote safety knowledge to its employees as a tangible step to strengthen the safety awareness among all its staff. It continued to organize emergency drills on a regular basis to improve its emergency management capability in all aspects. During the Reporting Period, the Company's project construction and the production situations of its subsidiaries were stable and orderly without any major safety accident.

Currently, China is gradually getting rid of the negative impact brought by COVID-19. While its economic operation takes on a momentum of growth towards recovery, the future situation remains complicated and tough with great instability and uncertainties. The Company will actively adapt to the macro economic development trend, and stick to the concept of pursuing progress while ensuring stability and of seeking continuous development. It will continue to focus on the goal of building a competitive and professional real estate enterprise, and speed up the development and construction of existing land and projects. It will prudently look for new investment opportunities, and seek a path of high quality development in the context of complicated and changeable external environment and intense market competition.

Centering around the goal for 2020, the Company will set the tone of "improving operations, advancing restructuring, ensuring safety and strengthening Party building", and make every effort in the following four aspects.

(I) Achieving Business Stability with Focus on Business

The Company will focus on project sales and ensure the accomplishment of its annual sales target. It will make full effort to guarantee the quality and progress of its project construction, and develop projects with fine quality. It will closely follow the land market updates, and strive to develop new land or make breakthroughs in project development within the year. In terms of property leasing, the Company will endeavor to reach the year's leasing target by all possible means. Its subsidiaries should drive the resumption of work and production in a steady pace, and strive towards the annual targets.

(II) Ensuring Orderly Progress of Key Work through Rational Coordination

The Company will keep close watch on the trends of capital market and regulatory policies and

strengthen communication with regulatory authorities. It will perform its obligation of information disclosure, properly handle its investor relations, and drive the restructuring process together with all parties of the major assets restructuring according to regulations. The Company will continue to improve the allocation of human resources, strengthen its staff team building, optimize the age structure and knowledge structure of its talent team, and maintain the strength and execution of the team. It will work on the formulation of its “14th Five-Year” strategic plan as a blueprint for the new journey of the next five-year plan. It will make solid steps to ensure the sustainability and stability of its routine operations management, and continue to enhance its management quality.

(III) Implementing the Epidemic Prevention and Control and Ensuring Production Safety through Persistent Effort

The Company will always be on full alert and implement the epidemic prevention and control with high standards and strict requirements. It will ensure targeted and strong epidemic prevention and control, and make full effort in the battle against the virus. The Company will promote the concept of production safety, continue to improve the production safety management system, and advance the standardization of production safety and the building of the “double” prevention mechanism. It will strengthen the accountability for production safety, step up effort in the identification of safety hazards, and intensify safety management in key areas, so as to prevent production safety accident and create favorable conditions for the accomplishment of the year’s business target.

(IV) Strengthening the Development of Honest and Non-corruptible Practice Led by Party Building

The Company will further study and implement Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and put into effect the guiding principles of the Party’s 19th National Congress and the second and third plenary sessions of its 19th Central Committee. It will strengthen the roles of political discipline and political rules, intensify supervision, discipline implementation and accountability, and extend the strict discipline over the Party to its grassroots level. The Company will fully implement the decisions and arrangements of the superior Party committees, exert its leading role in controlling the direction, managing the overall situation and ensuring implementation as a Party committee of a state-owned enterprise, and integrate Party leadership into its corporate governance to lead itself into high quality development.

2. Matters Related to Financial Reporting

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

Applicable Inapplicable

On July 5, 2017, the Ministry of Finance revised and issued the "Accounting Standards for Enterprises No.14-Revenue". According to the required of the Ministry of Finance, the group implemented the above new standard and changed the accounting policy from January 1 2020, the main conditions as follows.

The Company recognizes revenue when it has satisfied the performance obligation under the contract, that is, when the customer has obtained the right to control the relevant goods or services “Obtaining the right to control the relevant

goods or services” means that it is able to dominate the use of the goods or services and derive almost all economic benefits therefrom. When certain conditions are met, the Group shall perform its performance obligations within a certain period of time; otherwise, it shall perform its performance obligations at a certain point in time. If a contract contains two or more performance obligations, the company shall allocate the transaction price to each individual performance obligation in accordance with the relative proportion of the stand-alone selling price of the goods or services promised by each individual performance obligation on the date of the contract. The Company measures revenue based on the transaction price allocated to each individual performance obligation.

The group adjusted relevant accounting policies in accordance with the specific provisions of the new revenue standards on specific matters or transactions, for example: contractual cost, quality assurance, distinction between principal and agent, sales with sales return clauses, additional purchase options, intellectual property license, repurchase arrangement, advances from customers and handling of initial fee without refund, etc.

The Group has the right to receive consideration by transferring goods to customers, and this right depends on factors other than the passage of time as contractual assets. The Group’s obligation to transfer goods to customers for consideration received or receivable from customers is listed as contractual liabilities.

Reclassify the tax-exclusive part of the " advance form customers" that should have the delivery obligation to the customer to contractual liabilities, and reclassify the tax part to tax payable. The company will adjust the retained earnings at the beginning of the year and the amount of other related items in the financial statements based on the cumulative impact of the first implementation of the new income standard when preparing the financial reports for 2020 and each period, and will not adjust the information for the comparable period. Please refer the table below

Item	Dec 31 2019	Jan 1 2020	Adjusted amount
Advance form customers	159,482,510.43	4,864,243.00	-154,618,267.43
contractual liabilities		151,007,450.32	151,007,450.32
Tax payable	585,700,815.36	589,311,632.47	3,610,817.11

(2) Retrospective Restatements due to the Correction of Material Accounting Errors in the Reporting Period

Applicable Not applicable

No such cases.

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

Applicable Not applicable

No such changes for the Reporting Period.