

Stock Code: 000011, 200011

Stock Name: PRD, PRD-B

Announcement No. 2020-35

# SHENZHEN PROPERTIES & RESOURCES DEVELOPMENT (GROUP) LTD.

## INTERIM REPORT 2020 (SUMMARY)

### Part I Important Notes

This Summary is based on the full text of the 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”).

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	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	39/F, International Trade Center, Renmin South Road, Luohu District, Shenzhen, Guangdong Province, P.R.China	39/F, International Trade Center, Renmin South Road, Luohu District, 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

Reason for retrospective restatement:

Business combination under common control

	H1 2020	H1 2019		Change (%)
		Before	Restated	Restated
Operating revenue (RMB)	1,421,077,767.83	755,390,079.96	1,065,480,882.30	33.37%
Net profit attributable to the listed company's shareholders (RMB)	211,967,734.76	103,749,398.16	155,922,425.40	35.94%
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	210,621,623.38	103,686,185.29	103,686,185.29	103.13%
Net cash generated from/used in operating activities (RMB)	-1,623,182,138.90	-459,952,236.98	-396,688,011.70	309.18%
Basic earnings per share (RMB/share)	0.3557	0.1741	0.2616	35.97%
Diluted earnings per share (RMB/share)	0.3557	0.1741	0.2616	35.97%
Weighted average return on equity (%)	6.66%	3.09%	4.19%	2.47%
	30 June 2020	31 December 2019		Change (%)
		Before	Restated	Restated
Total assets (RMB)	10,948,847,072.58	10,772,491,740.53	10,772,491,740.53	1.64%
Equity attributable to the listed company's shareholders (RMB)	3,145,941,136.36	3,147,949,009.38	3,147,949,009.38	-0.06%

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

Unit: share

Number of ordinary shareholders	42,099	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 ordinary shares	Shares in pledge or frozen	
					Status	Shares
Shenzhen Investment Holdings Corporation	State-owned legal person	57.96%	345,412,223	3,326		
China Orient Asset Management Co., Ltd.	State-owned legal person	5.87%	34,970,000	0		

ICBC- Fullgoal Growth Selected Open-End Dynamic Asset Allocation Mixed Type Securities Fund with A Fixed Period of 3 Years	Other	0.62%	3,682,638	0		
ICBC-Hua An Mid-cap and Small-cap Growth Mixed Type Securities Investment Fund	Other	0.41%	2,458,951	0		
Duan Shaoteng	Domestic natural person	0.30%	1,777,555	0		
Shenzhen Duty-Free Commodity Enterprises Co., Ltd.	Domestic non-state-owned legal person	0.29%	1,730,300	1,730,300		
Industrial Bank Co., Ltd.- ICBC Credit Suisse Financial Real Estate Industry Mixed Type Securities Investment Fund	Other	0.24%	1,439,900	0		
Yang Yaochu	Domestic natural person	0.24%	1,425,020	0		
National Social Security Fund 504 Portfolio	Other	0.22%	1,308,200	0		
Mai Furong	Domestic natural person	0.20%	1,221,500	0		
Related or acting-in-concert parties among the shareholders above	The largest shareholder Shenzhen Investment Holding Corporation is 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 9 shareholders.					
Shareholders involved in securities margin trading (if any)	N/A					

#### 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.

In the first half year of 2020, the epidemic caused by the novel coronavirus produced big impact on the country's overall economy and real estate market. As an effort to counter the impact, China substantially increased the effort in the counter-cyclical adjustment to its macro policy, leading to more flexible implementation of policies according to local conditions of different cities. During the Reporting Period, the overall development of the real estate industry in China took on the following characteristics:

In terms of policy, the industrial fund environment was quite relaxed in the context of "six stabilities and six guarantees". At the same time, greater efforts were made in driving new urbanization and promoting regional development strategies. Measures such as delegating the authority for land approval, improving the market-based allocation of factors of production, and accelerating the renovation of aged and dilapidated residences, were beneficial to the medium- and long-term development of the real estate industry. In terms of real estate control, the central government persisted in the positioning of "Houses are for living in, not for speculating on", with continuously strict financial regulation over the real estate sector. Local governments in many places introduced real estate supporting policies from both supply and demand ends. They stuck to the bottom line of "housing purchase restriction and loan restriction", and promoted the stable operations of the real estate market by easing restrictions for household register policies, lowering the threshold for talent introduction, and increasing housing subsidies.

In terms of market volume and price, the real estate experienced from depression to continuous recovery. From the perspective of price, according to the data of China's real estate index system, the cumulative rise in the average price of newly built residences in 100 cities was the lowest for the same period in recent five years; the month-on-month rise had increased slightly since March; and the cumulative increase in the price for the first half year dropped by 0.18% to 1.27% compared to the same period of last year. In terms of transaction volume, the year-on-year drops in both new and secondhand houses reached the peak in recent years. Within a short period, the regular epidemic prevention and control and the economic development pressure will increase the instability of the real estate market.

In terms of transaction structure, affected by factors such as city fundamentals and the development stages of real estate market, the market differentiation trend was obvious in different cities, with some popular cities witnessing a strong momentum in the recovery of demands and faster release of improvement demands. As the epidemic impact weakens in the future, market transaction volume is expected to continuously recover, with great room for the release of improvement demands, and the proportion of mid- and high-end quality projects expected to rise.

In terms of land market, the market launch of land for houses increased by a small margin in the first half year, with a slight fall in transactions. The central bank continued to maintain reasonably sufficient liquidity through positive monetary measures, including cutting the reserve requirement ratio and interest rates. Some enterprises are facing less pressure for funds. The land market is expected to develop towards rationality, but remain popular in some favored cities.

#### (I) Characteristics of the Company's Main Business Operations

**First, the Company's city space development stood out from other segments and sustained the challenges of the epidemic.** In the first half year, the Company achieved operating revenue of RMB859 million from its real estate business, accounting for 60.43% of the total revenue, representing a growth rate of as much as 82.71% year-on-year; and the gross profit margin reached 82.55%, representing a growth of 12.58% year-on-year. During the Reporting Period, the revenue from real estate mainly comprised RMB807 million from SZPRD-Golden Collar's Resort, RMB18 million from SZPRD-Banshan Yujing, and RMB17 million from SZPRD-Songhu Langyuan, with SZPRD-Golden Collar's Resort contributing the majority of the substantial growth in revenue and gross profit. In addition, Fuchang Phase II, Yupinluanshan Garden and Fuyuan Industrial Park were advanced orderly; Shenzhen Rongyao Real Estate Development Co., Ltd., SZPRD Yangzhou Real Estate Development Co., Ltd. and SZPRD Xuzhou Dapeng Real Estate Development Co., Ltd. maintained normal operations under the impact of COVID-19, and will drive the progress of all projects in the second half year.

**Second, the Company's property management saw growth in stability with continued faster market expansion.** In the first half year, under the impact of COVID-19, some subsidiaries experienced low collection rates of property management fees but higher costs in the epidemic prevention and control. In light of the situation, the Company proactively took countermeasures by taking the initiative to communicate with customers and steadily promoting the normal operations of projects under management. During the

Reporting Period, the Company achieved operating revenue of RMB491 million from its property management business, accounting for 34.52% of the total revenue and remaining the second biggest source of operating revenue; and the gross profit margin was 14.73%, representing a slight increase year-on-year. The Company climbed to the 27<sup>th</sup> place in the ranking among China's top 100 property services for comprehensive competency, with continuously rising brand values and expanded market influence. In the second half year, the Company will proactively drive the market development of its property management business, improve service quality, enhance customer loyalty, and achieve the growth of projects in stock and the advancement of new projects.

**Third, the Company's industrial ecosystem operations and other segments were advanced orderly, with achievements made from the strategy of diversified operations.** Housing Assets Operation and Management Company grasped the development opportunity brought by the transformation and upgrading for the post-pandemic era, fully implemented the rental exemption policy, and took effective measures to maintain quality customers. Steady progress was made as scheduled in a number of projects, including the Six-Storey Building at Yingchun Road in Luohu, Food Court in the International Trade Center, and Fumin Complex. Supervision Company performed supervision over a group of key projects, including refined decorations of SZPRD-Golden Collar's Resort, and decoration works of Fuchang Phase II, Xuzhou Phase II and International Trade Building, continued to step up efforts in expansion, and acquired external projects through multiple channels. Guomao Catering was in business suspension due to decoration works. While cooperating with the restaurants in the decoration and renovation works, Guomao Catering carried out market survey, developed new dishes, and improved the standard management mechanism for catering services. It increased efforts in the publicity before opening to enhance the brand visibility and professional service quality, demonstrating the new vitality, new start point and new height of Shenzhen International Trade Revolving Restaurant as a "time-honored" catering brand.

### (II) Progress of Major Projects under Construction

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.

#### 1. New additions to the land bank

There were no new additions to the Company's land bank during the Reporting Period.

#### 2. Cumulative land bank

Name of project/area	Site area (0,000 m <sup>2</sup> )	Floor area (0,000 m <sup>2</sup> )	Floor area available for development (0,000 m <sup>2</sup> )
Guanlan Bangling project	6.83	61.33	61.33
Yupinluanshan Garden project	2.19	7.89	7.89
Baolu project	3.24	8.16	8.16
Land in Danshui, Huiyang District, Huizhou City	1.77	6.20	6.20
Land in Hongqi Town, Haikou City	15.8	-	-
Total	29.83	83.58	83.58

Note: The floor areas of the Yupinluanshan Garden project, the Baolu project and the land in Danshui, Huiyang District, Huizhou City are floor areas with plot ratio.

#### 3. Development status of major projects

City/region	Name of project	Location	Usage	The Company's interest	Time for commencement of construction	% developed	% that has completed construction	Site area (m <sup>2</sup> )	Planned floor area with plot ratio (m <sup>2</sup> )	Floor area that completed construction in the Current Period (m <sup>2</sup> )	Cumulative floor area that has completed construction (m <sup>2</sup> )	Estimated total investment (RMB'0,000)	Cumulative investment (RMB'0,000)
Shenzhen	Golden Collar's Resort apartments	Futian District	Residential	100%	March 2014	100%	100%	12,598	133,800	182,585	182,585	138,311	94,995
Shenzhen	Fuhui Huayuan	Futian District	Affordable housing	100%	December 2018	Under construction	Pile foundation completed	4,274	32,050	0	0	90,439	58,377
Xuzhou City	Banshan Yujing (Phase)	Tongshan District	Residential	100%	March 2019	Under construction	Interior and exterior	31,537	22,605	0	0	23,581	12,738

	II)						decoration ongoing, scaffolds of certain building removed						
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#### 4. Sales status of major projects

City/region	Name of project	Location	Usage	The Company's interest	Floor area with plot ratio (m <sup>2</sup> )	Floor area available for sale (m <sup>2</sup> )	Cumulative pre-sold/sold floor area (m <sup>2</sup> )	Floor area pre-sold/sold in the Current Period (m <sup>2</sup> )	Pre-sale/sales revenue generated in the Current Period (RMB'0,000)	Cumulative settled floor area (m <sup>2</sup> )	Floor area settled in the Current Period (m <sup>2</sup> )	Pre-sale/sales revenue settled in the Current Period (RMB'0,000)
Shenzhen	Golden Collar's Resort Apartments	Futian District	Residential, studio apartments and commercial	100%	133,800.6	125,234.63	40,345.32	5,502.54	29,941	39,842.12	12,739.99	80,667.69
Yangzhou City	Hupan Yujing	80 Hangou Road, Yangzhou City	Multi-story, Phase I	100%	36,141.28	48,870.98	41,817.57	338.9	131.6	41,609.81	338.63	345.43
Yangzhou City	Hupan Yujing	80 Hangou Road, Yangzhou City	Multi-story, Phase II	100%	56,935.75	73,121.96	66,307.52	101.69	40.98	63,775.58	655.59	535.22
Xuzhou City	Banshan Yujing (Phase I)	6 Huashan Road, Tongshan District, Xuzhou City, Jiangsu Province	Villa	100%	53,921.82	87,447.35	85,652.81	0	0	85,652.81	2,331.54	1,802.17
Xuzhou City	Banshan Yujing (Phase II)	6 Huashan Road, Tongshan District, Xuzhou City, Jiangsu Province	Low-density residential units	100%	22,604.96	21,720.72	20,769	9,041	11,035.89	0	0	0

#### 5. Rental status of major projects

Name of project	Location	Usage	The Company's working interest	Rentable area (m <sup>2</sup> )	Cumulative rented area (m <sup>2</sup> )	Average occupancy rate
Xi Apartments (Longyuan)	Shenzhen	Apartments for long-term rental	100.00%	3967	3967	100.00%

Xi Apartments (Longhua)	Shenzhen	Apartments for long-term rental	100.00%	1609	1609	100.00%
Xi Apartments (Xinhu)	Shenzhen	Apartments for long-term rental	100.00%	1600	1600	100.00%
Food Court in the International Trade Center	Shenzhen	Commercial	100.00%	4080	3250	80.00%
Tower A of Wenjindu Port Building	Shenzhen	Office building	75.00%	5884	5703	97.00%
Haiwai Lianyi Building	Shenzhen	Commercial units and offices	75.00%	9788	9788	100.00%
Anhua Building	Shenzhen	Offices	75.00%	1414	757	54.00%
Training Building/Dormitory	Shenzhen	Residential units/offices/commercial units	75.00%	2796	2796	100.00%
Pengfu Building	Shenzhen	Offices	75.00%	6494	6494	100.00%
Jinfu Building	Shenzhen	Commercial	75.00%	1702	1702	100.00%
Jinfu Building	Shenzhen	Commercial	100.00%	568	568	100.00%
Fuxing Garden	Shenzhen	Residential/commercial	75.00%	5877	5877	100.00%
Fuxing Garden	Shenzhen	Commercial	100.00%	1417	1417	100.00%
Plant area in Tangxia Town, Dongguan City	Dongguan City	Plant	75.00%	22034	22034	100.00%
Pacific Business Building	Shenzhen	Commercial units/offices	75.00%	3199	3029	95.00%
Pacific Business Building	Shenzhen	Commercial units/offices	15.00%	14889	14714	99.00%
Kangti Building	Shenzhen	Commercial units/offices	75.00%	2096	2096	100.00%
Kangti Building	Shenzhen	Commercial units/offices	15.00%	1147	1147	100.00%
Lyuhua Building	Shenzhen	Commercial and residential	75.00%	6960	6484	93.00%
Shops on the ground floor of Tower 48 in Lianhua North Village	Shenzhen	Shops	75.00%	1000	1000	100.00%
Haonianhua Building	Shenzhen	Apartments and commercial units	100.00%	1803	1758	98.00%
Haonianhua Building	Shenzhen	Apartments and commercial units	75.00%	2329	2233	96.00%
Hostel 2 at Yuxin School	Shenzhen	Hostel	75.00%	3000	3000	100.00%
Kaifeng Garden in Shangmeilin	Shenzhen	Residential	100.00%	1307	1277	98.00%
West Tower of Baihuo Square	Shenzhen	Commercial units/offices	100.00%	13632	13632	100.00%
Nanzheng Building	Shenzhen	Offices	100.00%	8810	6590	75.00%
Building 409 in Sangda Industrial Zone	Shenzhen	Plant	100.00%	3309	3309	100.00%

Mianshui Studio Apartments	Shenzhen	Apartments	100.00%	3440	3440	100.00%
Xiangfu Building	Shenzhen	Commercial units	100.00%	3109	3109	100.00%
Fuyuan Industrial Zone	Shenzhen	Plant	75.00%	59596	58887	99.00%
Tonglu Industrial Zone	Shenzhen	Plant	100.00%	76886	73221	95.00%
Gonglu Building	Shenzhen	Commercial/offices	75.00%	317	317	100.00%
Gonglu Building	Shenzhen	Offices	100.00%	89	89	100.00%
Jiangling Industrial Zone	Shenzhen	Plant	75.00%	10397	10397	100.00%
District 21	Shenzhen	Commercial/offices	75.00%	9514	9514	100.00%
Baoli Estate	Shenzhen	Residential	75.00%	9020	9020	100.00%
Songgang Plant	Shenzhen	Plant	75.00%	5700	5700	100.00%
Bulong Plant	Shenzhen	Plant	75.00%	7471	7471	100.00%
Huanggang Road Building	Shenzhen	Offices	75.00%	4600	4600	100.00%
Yuetong Complex	Shenzhen	Offices	75.00%	3044	3044	100.00%

**6. Primary land development**

□ Applicable √ Not applicable

**7. Financing channels**

Unit: RMB'0,000

Financing channel	Ending balance of financings	Financing cost range/average financing cost	Maturity structure			
			Within 1 year	1-2 years	2-3 years	Over 3 years
Bank loans	436,490.00	4%-6%	78,000.00	6,180.00	6,180.00	346,130.00
Total	436,490.00		78,000.00	6,180.00	6,180.00	346,130.00

**8. Development Strategy and the Business Plan for the Coming Year**

First, the Company will promote the construction of key projects, focus on project implementation, continue to strengthen management and control over the projects' general goals, goals for different stages, schedules and investment plans. It will focus on driving the progress of Block C of SZPRD-Golden Collar's Resort, Guanlan Bangling, Fuchang Phase II, Xuzhou Phase II and Yupinluanshan. Second, the Company will make full effort to collect payment from sales, speed up recovery of investment, duly adjust its marketing strategy based on the market situation, and grasp opportunities and timings through flexible use of multiple marketing approaches and channels. Third, the Company will fully activate and exert the efficiency of assets operation, activate assets in stock and improve both quality and efficiency while exercising routine leasing management. Fourth, the Company will speed up the expansion of its property management segment, expand the brand influence, and persist in the double drive forces of acquisition and self-expansion to rapidly achieve the expansion of property management across the country. It will complete the standardization of products and services in the segment of project management to form advantages in system, brand and standard.

**9. Provision of guarantees for homebuyers on bank mortgages**

√ Applicable □ Not applicable

As a usual practice for real estate developers, the Company has been providing guarantees and security deposits for its homebuyers on their bank mortgages. As at 30 June 2020, security deposits for such outstanding guarantees amounted to RMB1,120,910.60, which will be returned upon the expiry of the guarantees, i.e. when the relevant homebuyers paid off their bank mortgages.

As a usual practice for real estate developers, the Company and its subsidiaries has been providing guarantees for its homebuyers on their bank mortgages, and the homebuyers use their purchased homes as collateral. As at 30 June 2020, the outstanding guarantee amount was RMB291,699,484.08 in total. On the ground that there have been no default by the homebuyers so far and that the market prices of the relevant properties are currently higher than the trading prices, the Company believes the risk associated with such guarantees is low.

**10. Joint investments by directors, supervisors and senior management and the listed company (applicable for such investments where the directors, supervisors and senior management are the investment entities)**

√ Applicable □ Not applicable

Name of project	Type of investment entity	Amount of investment (RMB'0,000)	% of investment amount	As % of the peak of the project funds	Cumulative income	Disinvestment	Compatibility of actual investment amount and distributed income
Urban Renewal of Bangling Section at Guanlan Street	Mandatory investment entities (including directors and senior management)	2,647.00	66.18%	N/A	0	None	N/A
	Voluntary investment entities	1,353.00	33.82%	N/A	0	None	N/A

Note: Since this is an ongoing project, the peak of the project funds, cumulative income and disinvestment are unknown. For details, please refer to the relevant announcements disclosed by the Company on [www.cninfo.com.cn](http://www.cninfo.com.cn) dated 9 November 2019.

## 2. Matters Related to Financial Reporting

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

Applicable  Not applicable

No such cases in the Reporting Period.

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

Applicable  Not applicable

No such cases in the Reporting Period.

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

Applicable  Not applicable

No such cases in the Reporting Period.