

# SHENZHEN PROPERTIES & RESOURCES DEVELOPMENT (GROUP) LTD.

## ABSTRACT OF THE THIRD QUARTERLY REPORT 2012

### I. Important Notes

The Board of Directors, the Supervisory Committee as well as directors, supervisors and senior executives of Shenzhen Properties & Resources Development (Group) Ltd. (hereinafter referred to as the Company) guarantee that this report carries no false information, misleading statements or major omissions, and accept, individually and collectively, the responsibility for the factuality, accuracy and completeness of the information set forth herein.

All directors attended the board session for reviewing this report.

Chen Yugang (principal of the Company), Wang Hangjun (the person in charge of the accounting work) and Shen Xueying (the person in charge of the accounting organ/the principal of accounting) hereby confirm that the financial statements enclosed in the quarterly report are factual and complete.

### II. Company Profile

#### (I) Major accounting data and financial indexes

Any retrospective adjustment in previous financial statements?

☒ Yes ☐ No ☐ Inapplicable

	30 Sept. 2012	31 Dec. 2011		Increase/decrease (%)
		Before adjustment	After adjustment	After adjustment
Total assets (RMB Yuan)	4,081,206,075.30	3,499,608,314.21	3,526,566,922.95	15.73%
Owners' equity attributable to shareholders of the Company (RMB Yuan)	1,302,003,177.35	1,130,243,873.92	1,141,461,317.97	14.06%
Share capital (Share)	595,979,092.00	595,979,092	595,979,092.00	0%
Net assets per share attributable to shareholders of the Company (RMB Yuan/share)	2.1846	1.8964	1.9153	14.06%
	Jul.-Sept. 2012	YoY increase/decrease (%)	Jan.-Sept. 2012	YoY increase/decrease (%)
Gross operating revenues (RMB Yuan)	418,381,326.42	179.51%	1,041,304,227.34	-20.24%
Net profit attributable to shareholders of the Company (RMB Yuan)	76,322,473.56	863.87%	174,644,758.87	-43.55%
Net cash flow from operating activities (RMB Yuan)	--	--	587,922,305.81	-239.93%
Net cash flow per share from operating activities (RMB Yuan/share)	--	--	0.9865	-239.93%
Basic EPS (RMB Yuan/share)	0.1281	863.87%	0.293	-43.55%
Diluted EPS (RMB Yuan/share)	0.1281	863.87%	0.293	-43.55%

Weighted average ROE (%)	6.25%	5.48%	14.29%	-15.54%
Weighted average ROE after deducting non-recurring gains and losses (%)	6.19%	5.41%	13.63%	-15.99%

Items of non-recurring gains and losses

√Applicable □Inapplicable

Item	Amount during Jan.-Sept. 2012 (RMB Yuan)	Notes
Gains and losses on disposal of non-current assets	9,524,761.46	“Gains and losses on disposal of non-current assets” referred to gains and losses on disposal of fixed assets and investing properties.
Tax rebate, reduction or exemption due to un-authorized approval or the lack of formal approval documents		
Government grants recognized in the current year, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the country’s unified standards		
Capital occupation fees received from non-financial enterprises that are included in current gains and losses		
Gains generated when the investment costs of the Company’s acquiring subsidiaries, associates and joint ventures are less than the fair value of identifiable net assets in the investees attributable to the Company in the acquisition of the investments		
Exchange gains and losses of non-monetary assets	-2,348,164.39	“Exchange gains and losses of non-monetary assets” referred to the transfer taxes and fares arising from the asset exchanges carried out between the Company and its controlling shareholder due to the share reform commitment.
Gains and losses through entrusting others to invest or manage assets		
Various asset impairment provisions due to acts of God such as natural disasters		
Gains and losses on debt restructuring		
Enterprise reorganization expenses, such as expenses on employee settlement and integration		
Gains and losses on the parts exceeding the fair value when prices of transactions become unfair		
Net current gains and losses from the period-begin to the combination date of subsidiaries due to business combinations under the same control	1,912,516.93	“Net current gains and losses from the period-begin to the combination date of subsidiaries due to business combinations under the same control” mainly referred to net gains and losses (including reversed interest on internal entrustment loans) for Jan.-May 2012 of the 100% equity interests of Shenzhen Shenxin Taxi Co., Ltd. obtained by the Company under the same control. For details, see Note (IV) to the Financial Statements.
Gains and losses on contingent matters which are irrelevant to the normal operation of the Company		
Gains and losses on fair value changes of transactional financial assets and liabilities, and investment gains on disposal of transactional financial assets and liabilities and available-for-sale financial assets, except for the effective hedging business related to the Company’s normal operation		

Reversal of impairment provisions for accounts receivable which are separately tested for impairment signs	400,330.00	“Reversal of impairment provisions for accounts receivable which are separately tested for impairment signs” mainly referred to the reversal of impairment provisions for the reporting period. For details, see Note (V) 4 to the Financial Statements.
Gains and losses on entrustment loans from external parties		
Gains and losses on fair value changes of investing properties for which the fair value method is adopted for subsequent measurement		
Current gain and loss effect due to a just-for-once adjustment to current gains and losses according to requirements of taxation and accounting laws and regulations		
Custodian fee income from entrusted operations with the Company		
Other non-operating incomes and expenses besides the items above	1,228,470.51	
Other gain and loss items that meet the definition of non-recurring gains and losses		
Minority interests effects		
Income tax effects	-2,623,213.178	
Total	8,094,701.33	--

“Other gain and loss items that meet the definition of non-recurring gains and losses” & non-recurring gain and loss items recognized as recurring gain and loss items according to the natures and characteristics of the Company’s normal business

Item	Involved amount (RMB Yuan)	Notes

## (II) Total number of shareholders and top 10 shareholders at the period-end

Total number of shareholders	46,457		
Particulars about shares held by the top ten shareholders holding tradable shares			
Name of shareholder	Number of tradable shares held at period-end	Type and number of shares	
		Type	Number
SHENZHEN INTERNATIONAL TRADE CENTER PROPERTY MANAGEMENT COMPANY	2,514,781	RMB ordinary shares	2,514,781
BANK OF CHINA — LORD ABBETT SELECT 30 EQUITY FUND	1,612,826	RMB ordinary shares	1,612,826
CLIENT CREDIT TRADING GUARANTEE SECURITIES ACCOUNT OF GUOSEN SECURITIES CO., LTD.	1,204,500	RMB ordinary shares	1,204,500
CHEN LIYING	1,007,151	Domestically listed foreign shares	1,007,151
CLIENT CREDIT TRADING GUARANTEE SECURITIES ACCOUNT OF CHINA MERCHANTS SECURITIES CO., LTD.	808,573	RMB ordinary shares	808,573

ZHOU YONGHONG	743,633	Domestically listed foreign shares	743,633
LIU LIAOYUAN	641,900	Domestically listed foreign shares	641,900
GUOTAI JUNANSECURITIES(HONGKONG)LIMITED	519,904	Domestically listed foreign shares	519,904
LI HONGMAO	513,720	RMB ordinary shares	513,720
ZOU XINMIN	495,000	RMB ordinary shares	495,000
Particulars about shareholders			

### III. Significant Events

#### (I) Significant changes in major accounting data, financial highlights and reasons for these changes

√Applicable □Inapplicable

1. Monetary funds stood at RMB 894,505,651.12 at the period-end, up 90.60% over the year-begin, which was mainly because project sale generated some capital inflows.
2. Notes receivable stood at RMB 300,000.00 at the period-end, up 50.00% over the year-begin, which was mainly because notes receivable as property management fee incomes of subsidiaries increased.
3. Prepayments stood at RMB 715,666,958.85 at the period-end, up 50.87% over the year-begin, which was mainly because the prepayments for land in Yangzhou and relevant taxes increased.
4. Other receivables stood at RMB 9,673,680.33 at the period-end, up 186.88% over the year-begin, which was mainly because the pending water and electricity charges paid by subsidiaries on behalf of others increased.
5. Accounts received in advance stood at RMB 979,075,004.46 at the period-end, up 369.23% over the year-begin, which was mainly because the presale income from the real estate projects on sale increased.
6. Other payables stood at RMB 179,021,319.84 at the period-end, down 62.79% over the year-begin, which was mainly because the Company bough in land in the asset exchange as promised in the share reform, which was temporarily recognized and paid for instantly.
7. Non-current liabilities due within one year stood at RMB 13,559,888.32 at the period-end, down 93.79% over the year-begin, which was mainly because some of these liabilities grew mature and repaid.
8. Long-term borrowings stood at RMB 22,483,333.31 at the period-end, up 206.59% over the year-begin, which was mainly because subsidiaries secured more borrowings.
9. Undistributed profit stood at RMB 577,828,134.42 at the period-end, up 43.32% over the year-begin, which was mainly because net profit for the period from the year-begin to the period-end increased.
10. Business taxes and surtaxes for Jan.-Sept. 2012 stood at RMB 180,373,360.25, down 48.46% over the same period of last year, which was mainly because the real estate income for Jan.-Sept. 2012 decreased and the business tax and land VAT decreased accordingly.
11. Financial expenses for Jan.-Sept. 2012 stood at RMB -3,011,331.35, down 133.08% over the same period of last year, which was mainly because of the increase of interest capitalization.
12. Asset impairment loss for Jan.-Sept. 2012 stood at RMB -5,957,940.96, down 1,100.94% over the same period of last year, which was mainly because the bad-debt provisions reversed increased due to the recovery of some accounts receivable.

13. Investment income for Jan.-Sept. 2012 stood at RMB 2,053,061.42, up 47.89% over the same period of last year, which was mainly because the associates generated more gains.
14. Investment income from associates and joint ventures for Jan.-Sept. 2012 stood at RMB 2,053,061.42, up 79.34% over the same period of last year, which was mainly because the associate Shenzhen Guomao Tian'an Properties Co., Ltd. generated more profit.
15. Net non-operating amount for Jan.-Sept. 2012 stood at RMB 339,392.58, up 122.11% over the same period of last year, which was mainly because subsidiaries renewed vehicles and disposed old ones, which generated more income.
16. Income tax expenses for Jan.-Sept. 2012 stood at RMB 51,992,849.23, down 46.35% over the same period of last year, which was mainly because the profit contributed by the subsidiary Shenzhen Huangcheng Real Estate Co., Ltd. decreased considerably.
17. Operating profit, total profit and net profit for Jan.-Sept. 2012 stood at RMB 226,298,215.52, 226,637,608.10 and 174,644,758.87 respectively, down 44.51%, 44.21% and 43.55% respectively over the same period of last year, which was mainly because the carried over income from real estate for Jan.-Sept. 2012 decreased.
18. Net cash flows from operating activities for Jan.-Sept. 2012 stood at RMB 587,922,305.81, up 239.93% over the same period of last year, which was mainly because of more capital inflows from sale of properties.
19. Net cash flows from investing activities for Jan.-Sept. 2012 stood at RMB 8,021,682.48, up 206.97% over the same period of last year, which was mainly because the cash received as investment income increased.
20. Net cash flows from financing activities for Jan.-Sept. 2012 stood at RMB -170,791,033.25, down 149.88% over the same period of last year, which was mainly because the Company secure fewer borrowings and repaid more due borrowings.
21. Net increase in cash and cash equivalents for Jan.-Sept. 2012 stood at RMB 425,191,909.55, up 597.69% over the same period of last year, which was mainly because the Company received more income from house selling for Jan.-Sept. 2012.

## **(II) Progress of significant events and its influence, as well as the analysis and explanation on solutions**

### **1. About non-standard audit opinion**

☐Applicable ☒Inapplicable

### **2. The Company offers capital to the controlling shareholder or its related parties or provides external guarantees in violation of the prescribed procedures.**

☐Applicable ☒Inapplicable

### **3. Signing and execution of significant contracts concerning routine operation**

☐Applicable ☒Inapplicable

### **4. Others**

☐Applicable ☒Inapplicable

**(III) Commitments of the Company or shareholders with an over 5% shareholding made in or carried down into the reporting period**

√Applicable □Inapplicable

Commitment	Commitment maker	Contents	Commitment time	Commitment period	Fulfillment
Commitments made in a share reform	Shenzhen Investment Holdings Co., Ltd.	<p>1. The Company's non-tradable share holders Construction Holdings and Investment Management Company made a common commitment to abide by laws, regulations and rules and perform prescribed commitment duties. And they also made special commitments as follows:</p> <p>Non-tradable shares held by Construction Holdings and Investment Management Company would not be traded or transferred within 36 months since they acquired right of trade. After expiration of the aforesaid commitment, originally non-tradable shares sold through the listing and trading system on the Shenzhen Stock Exchange should not exceed 5 percents of total shares of the Company within 12 months, as well as not exceed 10 percents within 24 months. In case these companies acted against the</p>	21 Oct. 2009	20 Oct. 2012	<p>1. Up to the date of public notice, Construction Holdings and Investment Holdings never sold shares of the Company.</p> <p>2. (1) Up to the date of public notice, Investment Holdings never sold shares of the Company actually controlled. (2) In order to implement the commitment, the Company prepared to start the relevant affairs together with Investment Holdings, and disclosed the Public Notice on Implementation of Commitment of Share Merger Reform on Assets Replacement and Significant Related Transaction, which was reviewed and approved at the First Special Shareholders' General Meeting for 2010, for details, please refer to Public Notice on Resolutions of the First Special Shareholders' General Meeting for 2010; Investment Holdings has applied to</p>

		<p>above commitment and sold shares of the Company, the income from sales of the shares would belong to the Company.</p> <p>2. Investment Holdings made a commitment to abide by laws, regulations and rules and perform prescribed commitment duties. And it also made special commitments as follows:</p> <p>(1) Non-tradable shares held by Investment Holdings would not be traded or transferred within 36 months since they acquired right of trade. After expiration of the aforesaid commitment, originally non-tradable shares sold through the listing and trading system on the Shenzhen Stock Exchange should not exceed 5 percents of total shares of the Company within 12 months, as well as not exceed 10 percents within 24 months. In case these companies acted against the above commitment and sold shares of the Company, the income from sales of the shares would belong to the Company.</p>		<p>Shenzhen Branch of China Securities Depository and Clearing Corporation Limited for freezing its actual controlled 30 million shares of the Company under the name of Construction Holdings, now the frozen period is due and the frozen shares has been released.</p> <p>(3) On 18 Mar. 2010, the Company held the Annual Shareholders' General Meeting 2009, at which reviewed and approved Proposal on Application of Entrust Loan from Controlling Shareholder. The Shareholders' General Meeting authorized the Board of Directors of the Company to deal with signature of entrusted loan agreement, renewal of loan, borrow a new loan to repay old within RMB 500 million according to actual need of operation and based on negotiation with Investment Holdings and relevant banks. For details, please refer to Public Notice on the Resolutions of Annual Shareholders'</p>
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		<p>(2) Within one year since the non-tradable shares held by Construction Holdings and Investment Management Company controlled by Investment Holdings acquired the right of trading, Shenzhen Investment Holdings Co., Ltd will start up capital injection to the Company, that is, Shenzhen Investment Holdings Co., Ltd will inject legitimate capital no less than RMB 500 million including land resource in lump sum or in batches by replace or other legitimate way, will increase land reserves of the Company and enhance profitability in the future. In case the aforesaid capital failed to start completely within one year, Shenzhen Investment Holdings Co., Ltd will compensate 20% of reorganization capital failing to start to the Company within 30 days when expiration of 1 year, and continued to implement the capital injection which had been started. As for the capital injection failing to start,</p>		<p>General Meeting on 19 Mar. 2010. On 28 Dec. 2010, Investment Holdings entrusted Shenzhen Jingtian Sub-branch of China Everbright Bank to provide entrust loan of RMB 10 million for the Company's subsidiary Shenzhen ITC Vehicle Industry Co., Ltd.; from the end of report period to the date of the public notice, Investment Holdings has provided entrust loan of RMB 490 million for the Company.</p> <p>(4) Whether the commitment will be implemented is according to net profit of 2012.</p>
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		<p>Shenzhen Investment Holdings Co., Ltd will not implement.</p> <p>Note: Startup of capital injection means capital injection program has been reviewed and approved by the Shareholders' General Meeting of the Company.</p> <p>Shenzhen Investment Holdings Co., Ltd was willing to entrust China Securities Depository and Clearing Corporation Limited</p> <p>Shenzhen Branch to freeze 30 million shares of the Company, which was under name of Shenzhen Construction Investment Holdings and actually controlled by Shenzhen Investment Holdings Co., Ltd, as guarantee for the above commitment.</p> <p>(3) Since non-tradable shares held by Shenzhen Investment Holdings Co., Ltd, Shenzhen Construction Investment Holdings and Shenzhen Investment Co., Ltd acquired right to trade within 24 months, Shenzhen Investment Holdings Co., Ltd commit that they will support balance no less</p>			
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		<p>than RMB 500 million with method of entrust loan in line with relevant provisions of laws and administrative statutes to release nervous capital of the Company. The aforesaid balance means accumulative incurred amount within 24 months since the date when non-tradable shares held by Shenzhen Investment Holdings Co., Ltd, Shenzhen Construction Investment Holdings and Shenzhen Investment Co., Ltd acquired right to trade, and each entrust loan for support will not be less than 12 months; the above cash support of RMB 500 million excluded entrust loan offered before the date when non-tradable shares held by Shenzhen Investment Holdings Co., Ltd, Shenzhen Construction Investment Holdings and Shenzhen Investment Co., Ltd acquired right to trade.</p> <p>(4) In case that net profit of the Company in any year of 2010, 2011 and 2012 was less than 2009, Shenzhen Investment Holdings Co., Ltd. will make</p>			
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		up balance of net profit between the year and 2009 with cash.			
Commitments made in an acquisition report or report on equity changes	Naught	Naught		Naught	Naught
Commitments made in an asset exchange	Naught	Naught		Naught	Naught
Commitments made in share issuance	Naught	Naught		Naught	Naught
Other commitments made to minority shareholders	Naught	Naught		Naught	Naught
Is the commitment fulfilled in time or not?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Inapplicable				
Specific reason for failing to fulfill the commitment and the plan for the next step					
Is there any commitment made regarding the horizontal competition and related-party transactions caused?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Inapplicable				
Period for solving the problem as promised					
Way of solving the problem					
Fulfillment of the commitment					

#### (IV) Predict the 2012 annual operating results

Warnings of possible loss or large-margin change of the accumulated net profit made during the period from the beginning of the year to the end of the next reporting period compared with the same period of the last year according to prediction, as well as explanations on the reasons

☐Applicable ☒Inapplicable

#### (V) Other significant events that need to be explained

##### 1. Securities investment

☐Applicable ☒Inapplicable

##### 2. Investments in derivatives

☐Applicable ☒Inapplicable

##### 3. Derivative investments held at the period-end

☐Applicable ☒Inapplicable

##### 4. Researches, visits and interviews received in the reporting period

Time of reception	Place of reception	Way of reception	Visitor type	Visitor	Main discussion and materials provided by the Company
3 Jul. 2012	BOD Office of the Company	By phone	Individual	Investor	When will the Company' Qianhai project start?
18 Jul. 2012	BOD Office of the Company	By phone	Individual	Investor	Introduction to the dividends distribution plan of the Company

9 Aug. 2012	BOD Office of the Company	By phone	Individual	Investor	Progress of the Company's projects outside Shenzhen
11 Sept. 2012	BOD Office of the Company	By phone	Individual	Investor	Situation on the Company's Yangzhou project
20 Sept. 2012	BOD Office of the Company	By phone	Individual	Investor	Situation on fulfillment of commitments made by major shareholders in the share splitting reform

## 5. Corporate bonds issued

Any corporate bonds issued?

☐ Yes ☒ No