

Stock code: 000011, 200011

Stock abbreviation: SWYA, SWYB

Announcement No.:

# Shenzhen Properties & Resources Development (Group) Ltd.

## Abstract of the 2013 Semi-annual Report

### 1. Important reminders

#### (1)

This abstract is based on the full text of the semi-annual report. For more details, investors are suggested to read the full text disclosed at the same time with this abstract on <http://www.cninfo.com.cn>, the website of Sazhen Stock Exchange or any other website designated by CSRC.

This report is prepared in both Chinese and English. Should there be any discrepancy between the two versions, the Chinese version shall prevail.

#### (2) Company profile

Stock abbreviation	SWYA, SWYB	Stock code	000011, 200011
Stock exchange listed with	Shenzhen Stock Exchange		
For contact	Company Secretary	Securities Affairs Representative	
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### 2. Financial highlights and change of shareholders

#### (1) Financial highlights

Does the Company adjust retrospectively or restate accounting data of previous years due to change of the accounting policy or correction of any accounting error?

☐ Yes ☒ No

	Reporting period	Same period of last year	YoY +/- (%)
Operating revenues (RMB Yuan)	1,348,194,107.29	624,520,270.29	115.88%
Net profit attributable to shareholders of the Company (RMB Yuan)	353,600,992.81	98,686,285.22	258.31%
Net profit attributable to shareholders of the Company after extraordinary gains and losses (RMB Yuan)	352,385,400.43	59,483,485.20	492.41%
Net cash flows from operating activities (RMB Yuan)	126,636,956.08	336,111,486.60	-62.32%
Basic EPS (RMB Yuan/share)	0.5933	0.1656	258.27%
Diluted EPS (RMB Yuan/share)	0.5933	0.1656	258.27%
Weighted average ROE (%)	21.06%	8.33%	12.73%
	As at the end of the reporting period	As at the end of last year	YoY +/- (%)
Total assets (RMB Yuan)	3,775,786,956.00	4,006,705,938.73	-5.76%
Net assets attributable to shareholders of the Company (RMB Yuan)	1,855,749,628.63	1,502,852,915.53	23.48%

## (2) Shareholdings of the top 10 shareholders

Total number of shareholders at the end of the reporting period		44,213				
Shareholdings of the top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total shares held at the period-end	Number of restricted shares held	Pledged or frozen shares	
					Status of shares	Number of shares
SHENZHEN CONSTRUCTION INVESTMENT HOLDINGS CORPORATION	State-owned corporation	54.33%	323,783,371	293,984,417		
SHENZHEN INVESTMENT MANAGEMENT CORPORATION	State-owned corporation	9.49%	56,582,573	56,582,573		
SHENZHEN GUOMAO PROPERTY MANAGEMENT CO., LTD.	State-owned corporation	0.42%	2,514,781	0		
SHENZHEN DUTY-FREE COMMODITY ENTERPRISES CO., LTD.	Domestic non-state-owned corporation	0.29%	1,730,300	1,730,300		
YU XILIN	Domestic natural person	0.28%	1,678,522	0		
XU YIHONG	Domestic natural person	0.25%	1,516,480	0		
CLIENT CREDIT COLLATERAL SECURITIES TRADING ACCOUNT OF GUOSEN SECURITIES CO., LTD.	Domestic non-state-owned corporation	0.23%	1,398,345	0		
LONG KEYI	Domestic natural person	0.22%	1,301,700	0		
BQ DE A/C REYL (LUX) GLOBAL FUNDS EMERGING MARKETS EQ	Foreign corporation	0.2%	1,215,176	0		
CHEN LIYING	Domestic natural person	0.17%	1,036,051	0		
Explanation on associated relationship or/and persons acting in concert among the above-mentioned shareholders:		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 third principal shareholder is a wholly-funded subsidiary of the Company. Other than that, it is unknown whether the remaining 7 shareholders are related parties or acting-in-concert parties.				
Shareholders taking part in		Naught				

margin financing and securities lending (if any)	
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### (3) Change of the controlling shareholder or the actual controller

Change of the controlling shareholder in the reporting period

☐ Applicable ☒ Inapplicable

Change of the actual controller in the reporting period

☐ Applicable ☒ Inapplicable

## 3. Discussion and analysis by the management

### I. Main business analysis

#### 1. Overview

The Company specializes in real estate development, with property management, house leasing, taxi transportation service, catering service, etc. as its sidelines. For the reporting period, the Company achieved operating revenues of RMB 1,348.19 million, operating profit of RMB 459.10 million and net profit of RMB 353.60 million, up 115.88%, 263.43% and 258.31% respectively on the year-on-year basis. And the net profit attributable to shareholders of the Company (with subsidiaries) stood at RMB 353.60 million.

#### 2. Revenues

The main business income stood at RMB 1,333.14 million, up 131.69% over the same period of last year, with the main business cost being RMB 547.75 million, up 47.93% on the year-on-year basis, of which the real estate income stood at RMB 1,141.14 million, with the corresponding cost being RMB 408.04 million.

Operating revenues, operating profit and net profit all registered considerable growth mainly because the first half of the year saw the completion of a real estate project, from which a lot of house presale amounts met the conditions to be carried over into income, and the house sales of other projects also increased.

Major customers:

Total sales to the top 5 customers (RMB Yuan): 15,737.23

Ratio of the total sales to the top 5 customers to the annual total sales (%): 11.67%

Information about the top 5 customers:

Serial No.	Name of customer	Sales (RMB Yuan)	Proportion in semi-annual total sales (%)
1	Natural person	76,060,000.00	5.64%
2	Natural person	42,601,400.00	3.16%
3	Huawei Technologies Co., Ltd.	21,361,243.06	1.58%
4	Natural person	9,872,798.00	0.73%
5	Natural person	7,476,898.00	0.55%
Total		157,372,239.06	11.67%

#### 3. Costs

Real estate development and operation is the core business of the Company. When developing a project, the Company chooses the general contractor and the architectural design institution in the form of open bidding in the government's relevant construction engineering trading service center according to the administrative regulations of China and the project location. The Company is responsible for procurement for the marketing center on site, sample house decoration, external landscaping, fire protection, gas and some other professional engineering projects and some engineering design, etc. The above-mentioned bidding or procurement projects shall be carried out and the contractors shall be determined according to the bidding administrative rules of the Company and the project location. A market competition mechanism is brought in via bidding to lower the construction costs, rationally control the project costs and realize better business results.

For the first half of the year, the procurement from the top five suppliers totaled RMB 558.63 million, accounting

for 98% of the total procurement.

No.	Procurement/bidding	Major Suppliers for the First Half of 2013 Supplier/successful tenderer	Procurement amount (RMB Yuan)
1	General contracting of the construction of Dongguan Songhulangyuan	Henan First Construction Engineering Group Co., Ltd.	431,126,430.88
2	General contracting of the construction of Yangzhou Hupanyujing Phase I	Jiangsu Hanjian Group Co., Ltd.	114,580,000.00
3	General construction supervision of Dongguan Songhulangyuan	Dongguan Dongyuan Construction Engineering Supervision Co., Ltd.	6,018,200.00
4	Construction supervision of Yangzhou Hupanyujing	SZPRD Engineering Construction Supervision Co., Ltd.	3,745,400.00
5	Intelligent system of SZPRD Banshanyujing	Shenzhen Feiling Intelligent System Integration Co., Ltd.	3,168,220.00
Total			558,638,250.88

## II. Outlook of the Company's future development

### 1. Countermeasures against risks

#### (1) About policy risks

In Feb. 2013, the central government made it clear that it would further tighten and specify the real estate macro-control policy instead of loosening it. Subsequently, major cities at the first and second tiers unveiled their specific rules to tighten the real estate macro-control. The house duty is thus more likely to expand. However, with the larger picture of a stable macro-economy, the real estate macro-control policy is expected to become stable.

The Company will find out in time the rules between the macro-control policy and market fluctuations, master the regional development and sales cycles of projects and stabilize the main business (real estate) development.

#### (2) About financial risks

Since 20 Jul. 2013, the People's Bank of China has totally unlocked the lending interest rates of financial institutions by canceling the lower limit of the lending interest rate (70%). But commercial banks have a tighter credit due to the cash crunch in the first half of the year, which creates new uncertainty to personal housing loans and financing of real estate developers. Considering the fact that the macro-economy has not yet shown any marked improvement despite less inflation pressure, the central government adopts a proactive fiscal policy and a sound monetary policy. Therefore, the monetary policy is expected to loosen in stability.

The Company will carry out a close study of the monetary policy, step up capital inflows and formulate financial plans boosting income so as to lay a solid foundation for further expansion of the market.

#### (3) About operating risks

##### ① Operating risks

The Company's projects are dispersed over cities at the first, second and third tiers. It is very difficult to operate so many projects in different regions. Moreover, different regions have different policies and requirements, which requires the Company to establish and adopt an effective operation system. In order to ensure sustained and efficient operation, effectively manage all the projects and increase the internal coordination efficiency, the Company will specify project development plans and design, operate and improve the main links and supporting resources of projects so as to achieve added value in project development and increase the efficiency. Meanwhile, taking the opportunity of implementation of the Real Estate Brochure, the Company will re-think the overall planning and further specify the rules, standards and procedures of operation.

##### ② Management risks

As a plural enterprise with real estate as its main business and house leasing, property management, vehicle transportation service, etc. as its sidelines, the Company needs to have a great ability of overall management. With unstable real estate markets, as well as rising labor cost and commodity prices, the Company will keep broadening sources of income and reducing expenditure, reinforce lean management and increase the risk management capability. It will also promote the awareness of crisis and increase the sideline management capability while

ensuring the sustained and healthy development of the main business-real estate.

## **2. Major tasks and countermeasures against risks in the second half of 2013**

### **(1) Continue to push forward development of the existing real estate projects as scheduled**

It is a key task in the coming six months to push forward development of the existing real estate projects as scheduled, including opening of Xuzhou Banshanyujing Phase I, normal construction and year-end partial opening and trial sale of Yangzhou Hupanyujing Phase I, foundation construction of Dongguan Songhulangyuan, and preparations for Qianhai Bay and Jinling Holiday.

### **(2) Continue to reinforce capital management**

It will carry out a close study on possible effects of credit policy changes on financing of real estate enterprises and proactively talk with financial institutions for external financings. Besides, it will try to increase capital inflows from project sale, continue to make use of the “capital pool” scheme and gather capital to increase the investment efficiency.

### **(3) Continue to promote lean management on various aspects**

With trial implementation of the Real Estate Brochure as the key task, the Company will continue to promote lean management measures. To be specific, the three sections (organizational management, operational management and process management) of the Real Estate Brochure have been formulated, which will be put into full implementation in the second half of the year. In other business sectors, advanced experience will be introduced according to the corresponding management and work plan. The Company is trying to narrow the gap between its main business management and the advanced management in the industry through lean management and gradually establish a competitive basis. At the same time, it will enhance cost control to deal with the challenge of soaring costs.

## **4. Matters related to financial reporting**

### **(1) Explain change of the accounting policy, accounting estimate and measurement methods as compared with the financial reporting of last year**

N/A

### **(2) Explain retrospective restatement due to correction of significant accounting errors in the reporting period**

N/A

### **(3) Explain change of the consolidation scope as compared with the financial reporting of last year**

N/A

### **(4) Explanation of the Board of Directors and the Supervisory Committee concerning the “non-standard audit report” issued by the CPA’s firm for the reporting period**

N/A