

SHENZHEN PROPERTIES & RESOURCES DEVELOPMENT (GROUP) LTD.

THIRD QUARTERLY REPORT 2021

ShenZhen Properties & Resources Development (Group) Ltd. (hereinafter referred to as the “Company”) and all the members of the Company’s Board of Directors hereby guarantee that the contents of this Report are true, accurate and complete and free of any misrepresentations, misleading statements or material omissions.

Important Notes:

1. The Board of Directors, the Supervisory Committee as well as the directors, supervisors and senior management of the Company hereby guarantee that the contents of this Report are true, accurate and complete and free of any misrepresentations, misleading statements or material omissions, and collectively and individually accept legal responsibility for such contents.
2. The Company’s legal representative, head of financial affairs, and head of the financial department (equivalent to financial manager) hereby guarantee that the financial statements carried in this Report are true, accurate and complete.
3. Indicate whether the financial statements in this Report have been audited by an independent auditor.

Yes No

I Key Financial Information

(I) Key Accounting Data and Financial Indicators

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

Yes No

	Q3 2021	YoY change (%)	Q1-Q3 2021	YoY change (%)
Operating revenue (RMB)	640,625,548.94	92.60%	3,181,490,688.19	81.42%
Net profit attributable to the listed company’s shareholders (RMB)	98,290,796.67	602.63%	774,666,320.42	302.61%
Net profit attributable to the listed company’s shareholders before exceptional gains and losses (RMB)	97,412,536.02	596.54%	767,271,027.23	303.42%
Net cash generated from/used in operating activities (RMB)	—	—	-543,010,578.00	-19.93%
Basic earnings per share (RMB/share)	0.1649	602.74%	1.2998	302.54%
Diluted earnings per share (RMB/share)	0.1649	602.74%	1.2998	302.54%
Weighted average return on equity (%)	2.34%	2.96%	19.47%	13.75%
	30 September 2021	31 December 2020	Change (%)	
Total assets (RMB)	13,943,431,527.25	12,207,356,912.54	14.22%	
Equity attributable to the listed company’s shareholders (RMB)	4,257,833,837.26	3,727,917,440.03	14.21%	

(II) Exceptional Gains and Losses√ Applicable Not applicable

Unit: RMB

Item	Q3 2021	Q1-Q3 2021	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	-10,950.00	-25,398.90	Scrapping disposal of miscellaneous assets
Government grants through profit or loss (exclusive of government grants continuously given in the Company's ordinary course of business at fixed quotas or amounts as per the government's policies and standards)	124,374.48	350,456.49	Subsidy of substituting vocational training with working and subsidy for stabilizing posts received from government
Gain/Loss incurred from contingency unrelated to the Company's normal operating businesses.	0.00	-114,571.79	Payment of lawsuit-related compensation
Non-operating income and expense other than the above	974,984.02	9,036,208.35	Demolition compensation received
Less: Income tax effects	209,961.85	2,046,501.38	
Non-controlling interests effects (net of tax)	186.00	-195,100.42	
Total	878,260.65	7,395,293.19	--

Other items that meet the definition of exceptional gain/loss:

 Applicable Not applicable

No such cases in the Reporting Period.

Explanation of why the Company reclassifies as recurrent an exceptional gain/loss item listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gain/Loss Items:

 Applicable Not applicable

No such cases in the Reporting Period.

(III) Changes in Key Financial Statement Line Items and Explanation of why√ Applicable Not applicable

1. Accounts receivable stood at RMB280,305,194.87 as at 30 September 2021, up 49.34% compared to 31 December 2020, primarily driven by an increase in property management revenue.
2. Prepayments stood at RMB81,332,572.95 as at 30 September 2021, up 60.92% compared to 31 December 2020, primarily driven by an increase in prepayments for engineering services.
3. Inventories stood at RMB7,491,518,350.13 as at 30 September 2021, up 41.02% compared to 31 December 2020, primarily driven by an increase in land bank.
4. Long-term prepaid expense stood at RMB18,613,574.71 as at 30 September 2021, up 56.91% compared to 31 December 2020, primarily driven by an increase in decoration expenditures.
5. Deferred income tax assets stood at RMB1,313,347,404.44 as at 30 September 2021, up 38.15% compared to 31 December 2020, primarily driven by an increase in provision for land value-added tax.
6. Other non-current assets stood at RMB3,090,363.35 as at 30 September 2021, up 97.58% compared to 31 December 2020, primarily driven by an increase in expenditures on the construction and acquisition of long-lived assets.
7. Advances from customers stood at RMB1,060,418 as at 30 September 2021, up 124.06% compared to 31 December 2020, primarily driven by an increase in rents received.
8. Contract liabilities stood at RMB1,369,958,701.35 as at 30 September 2021, up 105.42% compared to 31 December 2020, primarily driven by an increase in advances received in the pre-sale of residential units.
9. Current portion of non-current liabilities stood at RMB67,002,418.06 as at 30 September 2021, up 82.45% compared to 31 December 2020, primarily driven by an increase in bank loans due within one year.

10. Other current liabilities stood at RMB77,860,950.08 as at 30 September 2021, up 79.59% compared to 31 December 2020, primarily driven by an increase in differences between prices and taxable amounts with respect to contract liabilities.
11. Provisions stood at RMB1,413,049.50 as at 30 September 2021, down 41.05% compared to 31 December 2020, primarily driven by payment according to court judgment.
12. Operating revenue stood at RMB3,181,490,688.19 during Q1~Q3 2021, up 81.42% compared to Q1~Q3 2020, primarily driven by an increase in carryforwards of revenue from real estate projects.
13. Taxes and levies stood at RMB935,246,313.19 during Q1~Q3 2021, up 126.55% compared to Q1~Q3 2020, primarily driven by an increase in provision for land value-added tax.
14. Selling expense stood at RMB38,619,575.61 during Q1~Q3 2021, up 68.33% compared to Q1~Q3 2020, primarily driven by an increase in sales promotion and agent expense.
15. Interest expense stood at RMB54,703,527.86 during Q1~Q3 2021, down 59.26% compared to Q1~Q3 2020, primarily driven by an increase in capitalized interest.
16. Asset impairment losses stood at RMB14,735.82 during Q1~Q3 2021, up 703.96% compared to Q1~Q3 2020, primarily driven by a decrease in inventory valuation allowances.
17. Credit impairment losses stood at RMB-6,885,600.31 during Q1~Q3 2021, down 691.91% compared to Q1~Q3 2020, primarily driven by a decrease in allowances for doubtful accounts.
18. Return on investment stood at RMB4,070,956.16 during Q1~Q3 2021, up 2008.54% compared to Q1~Q3 2020, primarily driven by an increase in net profits of joint ventures.
19. Non-operating income stood at RMB11,820,776.71 during Q1~Q3 2021, up 141.02% compared to Q1~Q3 2020, primarily driven by an increase in property demolition compensation income.
20. Income tax expense stood at RMB216,928,658.27 during Q1~Q3 2021, up 133.91% compared to Q1~Q3 2020, primarily driven by an increase in gross profit.
21. Gain on fair value changes of investments in other equity instruments stood at RMB155,048.91 during Q1~Q3 2021, up 127.25% compared to Q1~Q3 2020, primarily driven by fair value changes.
22. Net cash generated from/used in operating activities stood at RMB-543,010,578 during Q1~Q3 2021, representing a decrease of RMB90,243,620.82 compared to RMB-452,766,957.18 during Q1~Q3 2020, primarily driven by the payment for land and an increase in property sales payments collected.
23. Net cash generated from/used in investing activities stood at RMB-16,727,397.68 during Q1~Q3 2021, representing an increase of RMB477,472,399.59 compared to RMB-494,199,797.27 during Q1~Q3 2020, primarily driven by the payment for the acquisition of interest in other company in the same period of last year.
24. Net cash generated from/used in financing activities stood at RMB-386,860,067.44 during Q1~Q3 2021, representing a decrease of RMB2,204,396,442.64 compared to RMB1,817,536,375.20 during Q1~Q3 2020, primarily driven by additional bank loan in the same period of last year.

II Shareholder Information

(I) Numbers of Ordinary Shareholders and Preference Shareholders with Resumed Voting Rights as well as Holdings of Top 10 Shareholders

Unit: share

Number of ordinary shareholders at the period-end		46,351		Number of preferred shareholders with resumed voting rights at the period-end (if any)		0	
Top 10 shareholders							
Name of shareholder	Nature of shareholder	Shareholding	Total shares held	Restricted shares held	Shares in pledge, marked or frozen		

		percentage			Status	Shares
Shenzhen Investment Holdings Corporation	State-owned corporation	50.57%	301,414,637	3,326		
Shenzhen State-Owned Equity Operation and Management Co., Ltd.	Domestic non-state-owned legal person	6.38%	38,037,890	0		
China Orient Asset Management Co., Ltd.	State-owned legal person	3.90%	23,236,400	0		
Hong Kong Securities Clearing Company Ltd.	Foreign legal person	0.99%	5,906,124	0		
Duan Shaoteng	Domestic natural person	0.29%	1,755,565	0		
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	0.25%	1,500,384	0		
Mai Furong	Domestic natural person	0.19%	1,103,096	0		
Su Weipeng	Domestic natural person	0.17%	1,020,300	0		
He Simo	Domestic natural person	0.17%	1,011,750	0		
Top 10 unrestricted shareholders						
Name of shareholder	Unrestricted shares held	Shares by class				
		Class	Shares			
Shenzhen Investment Holdings Corporation	301,411,311	RMB-denominated ordinary stock	301,411,311			
Shenzhen State-Owned Equity Operation and Management Co., Ltd.	38,037,890	RMB-denominated ordinary stock	38,037,890			
China Orient Asset Management Co., Ltd.	23,236,400	RMB-denominated ordinary stock	23,236,400			
Hong Kong Securities Clearing Company Ltd.	5,906,124	RMB-denominated ordinary stock	5,906,124			
Duan Shaoteng	1,755,565	RMB-denominated ordinary stock	1,755,565			
Yang Yaochu	1,500,384	Domestically listed foreign stock	1,500,384			
Mai Furong	1,103,096	Domestically listed foreign stock	1,103,096			
Su Weipeng	1,020,300	RMB-denominated ordinary stock	1,020,300			
He Simo	1,011,750	Domestically listed foreign stock	1,011,750			
Chen Yutang	800,000	RMB-denominated ordinary stock	800,000			
Related or acting-in-concert parties among the shareholders above	The first largest shareholder, Shenzhen Investment Holding Corporation, is the actual controlling shareholder of the Company and Shenzhen State-Owned Equity Operation and Management Co., Ltd. And the Company does not know whether there are related parties or acting-in-concert parties among the other 8 shareholders.					
Top 10 ordinary shareholders involved in securities margin trading (if any)	N/A					

(II) Number of Preference Shareholders and Shareholdings of Top 10 of Them

□ Applicable √ Not applicable

III Other Significant Events

√ Applicable □ Not applicable

1. During the Reporting Period, Shenzhen SZPRD Urban Renewal Co., Ltd., the Company's wholly-owned subsidiary, won the bid for the use right of the No. 2021WR023 land for construction in Humen Town of Dongguan City with RMB2,070,606,666 in the online listing and transfer of the use right of the state-owned land for construction held by Dongguan City Public Resources Trading on 28 August 2021. For more details, see the Announcement on Wholly-Owned Subsidiary Becoming Selected Winner of Bid for Land Use Right (Announcement No. 2021-26) disclosed by the Company on 27 August 2021 and the Announcement on Wholly-Owned Subsidiary Becoming Winner of Bid for Land Use Right (Announcement No. 2021-27) disclosed by the Company on 3 September 2021.

2. During the Reporting Period, the Company received the Letter on Changing Commitment on Avoiding Horizontal Competition from the controlling shareholder Shenzhen Investment Holdings Co., Ltd. which had been approved on the 25th Meeting of the 9th Board of Directors and the 26th Meeting of the 9th Supervisory Committee held on 10 September 2021, as well as the 1st Extraordinary General Meeting of 2021 by voting. For more details, see the Announcement on Application of Controlling Shareholder for Changing Commitment on Avoiding Horizontal Competition (Announcement No. 2021-32) and the Announcement No. 2021-34 on Resolutions of the 1st Extraordinary General Meeting of 2021 disclosed by the Company on 11 September 2021 and 28 September 2021, respectively.

IV Quarterly Financial Statements**(I) Financial Statements****1. Consolidated Balance Sheet**

Prepared by ShenZhen Properties & Resources Development (Group) Ltd.

30 September 2021

Unit: RMB

Item	30 September 2021	31 December 2020
Current assets:		
Monetary assets	3,237,455,455.40	4,206,266,629.32
Settlement reserve		
Loans to other banks and financial institutions		
Held-for-trading financial assets		
Derivative financial assets		
Notes receivable		
Accounts receivable	280,305,194.87	187,697,631.47
Receivables financing		
Prepayments	81,332,572.95	50,543,422.85
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Other receivables	826,262,329.99	789,050,350.51
Including: Interest receivable		
Dividends receivable		
Financial assets purchased under resale agreements		
Inventories	7,491,518,350.13	5,312,489,258.20
Contract assets		

Assets held for sale		
Current portion of non-current assets		
Other current assets	55,122,942.93	48,991,965.92
Total current assets	11,971,996,846.27	10,595,039,258.27
Non-current assets:		
Loans and advances to customers		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	49,781,176.95	45,710,220.79
Investments in other equity instruments	1,194,011.36	1,044,905.12
Other non-current financial assets		
Investment property	458,208,170.14	484,738,506.83
Fixed assets	107,168,499.23	116,233,936.04
Construction in progress		
Productive living assets		
Oil and gas assets		
Right-of-use assets	11,640,096.44	
Intangible assets	435,544.07	482,049.51
Development costs		
Goodwill	7,955,840.29	
Long-term prepaid expense	18,613,574.71	11,862,716.14
Deferred income tax assets	1,313,347,404.44	950,681,245.50
Other non-current assets	3,090,363.35	1,564,074.34
Total non-current assets	1,971,434,680.98	1,612,317,654.27
Total assets	13,943,431,527.25	12,207,356,912.54
Current liabilities:		
Short-term borrowings		
Borrowings from the central bank		
Loans from other banks and financial institutions		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	363,097,115.88	468,269,685.65
Advances from customers	1,060,418.00	473,274.48
Contract liabilities	1,369,958,701.35	666,893,629.72
Financial assets sold under repurchase agreements		
Customer deposits and deposits from other banks and financial institutions		
Payables for acting trading of securities		
Payables for underwriting of securities		
Employee benefits payable	148,442,697.63	177,190,197.36
Taxes and levies payable	2,993,796,653.66	2,487,212,979.37

Other payables	931,830,115.73	847,142,613.09
Including: Interest payable		
Dividends payable	12,202,676.04	12,202,676.04
Fees and commissions payable		
Reinsurance payables		
Liabilities directly associated with assets held for sale		
Current portion of non-current liabilities	67,002,418.06	36,722,824.88
Other current liabilities	77,860,950.08	43,354,691.51
Total current liabilities	5,953,049,070.39	4,727,259,896.06
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings	3,556,900,000.00	3,587,800,000.00
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities	12,010,238.46	
Long-term payables		
Long-term employee benefits payable		
Provisions	1,413,049.50	2,396,947.00
Deferred income		
Deferred income tax liabilities	262.20	262.20
Other non-current liabilities	109,103,765.34	108,778,327.45
Total non-current liabilities	3,679,427,315.50	3,698,975,536.65
Total liabilities	9,632,476,385.89	8,426,235,432.71
Owners' equity:		
Share capital	595,979,092.00	595,979,092.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserves	80,488,045.38	80,488,045.38
Less: Treasury stock		
Other comprehensive income	-7,148,084.88	-6,749,589.41
Specific reserve		
Surplus reserves	19,205,979.63	19,205,979.63
General reserve		
Retained earnings	3,569,308,805.13	3,038,993,912.43
Total equity attributable to owners of the Company as the parent	4,257,833,837.26	3,727,917,440.03
Non-controlling interests	53,121,304.10	53,204,039.80
Total owners' equity	4,310,955,141.36	3,781,121,479.83
Total liabilities and owners' equity	13,943,431,527.25	12,207,356,912.54

Legal representative: Liu Shengxiang

Head of financial affairs: Cai Lili

Head of the financial department: Liu Qiang

2. Consolidated Income Statement for Q1~Q3

Unit: RMB

Item	Q1~Q3 2021	Q1~Q3 2020
1. Revenues	3,181,490,688.19	1,753,697,717.30
Including: Operating revenue	3,181,490,688.19	1,753,697,717.30
Interest income		
Insurance premium income		
Fee and commission income		
2. Costs and expenses	2,211,935,483.11	1,527,399,689.48
Including: Cost of sales	1,084,925,841.75	873,302,042.71
Interest expense		
Fee and commission expense		
Surrenders		
Net insurance claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium expense		
Taxes and levies	935,246,313.19	412,829,423.52
Selling expense	38,619,575.61	22,942,832.34
Administrative expense	157,577,080.86	132,861,676.49
Development costs		
Finance costs	-4,433,328.30	85,463,714.42
Including: Interest expense	54,703,527.86	134,280,009.60
Interest income	60,783,256.33	48,882,862.25
Add: Other income	4,384,524.06	4,850,559.92
Return on investment (“-” for loss)	4,070,956.16	193,069.98
Including: Share of profit or loss of joint ventures and associates	4,070,956.16	193,069.98
Income from the derecognition of financial assets at amortized cost (“-” for loss)		
Exchange gain (“-” for loss)		
Net gain on exposure hedges (“-” for loss)		
Gain on changes in fair value (“-” for loss)		
Credit impairment loss (“-” for loss)	-6,885,600.31	1,163,290.17
Asset impairment loss (“-” for loss)	14,735.82	1,832.91
Asset disposal income (“-” for loss)		
3. Operating profit (“-” for loss)	971,139,820.81	232,506,780.80
Add: Non-operating income	11,820,776.71	4,904,450.96
Less: Non-operating expense	2,813,222.58	3,180,142.69

4. Gross profit (“-” for loss)	980,147,374.94	234,231,089.07
Less: Income tax expense	216,928,658.27	92,741,690.38
5. Net profit (“-” for net loss)	763,218,716.67	141,489,398.69
5.1 By operating continuity		
5.1.1 Net profit from continuing operations (“-” for net loss)	763,218,716.67	141,489,398.69
5.1.2 Net profit from discontinued operations (“-” for net loss)		
5.2 By ownership		
5.2.1 Net profit attributable to owners of the Company as the parent	774,666,320.42	192,412,552.18
5.2.2 Net profit attributable to non-controlling interests	-11,447,603.75	-50,923,153.49
6. Other comprehensive income, net of tax	-398,495.47	2,562,432.70
Attributable to owners of the Company as the parent	-398,495.47	2,562,432.70
6.1 Items that will not be reclassified to profit or loss	155,048.91	-569,080.59
6.1.1 Changes caused by remeasurements on defined benefit schemes		
6.1.2 Other comprehensive income that will not be reclassified to profit or loss under the equity method		
6.1.3 Changes in the fair value of investments in other equity instruments	155,048.91	-569,080.59
6.1.4 Changes in the fair value arising from changes in own credit risk		
6.1.5 Other		
6.2 Items that will be reclassified to profit or loss	-553,544.38	3,131,513.29
6.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		
6.2.2 Changes in the fair value of other debt investments		
6.2.3 Other comprehensive income arising from the reclassification of financial assets		
6.2.4 Credit impairment allowance for other debt investments		
6.2.5 Reserve for cash flow hedges		
6.2.6 Differences arising from the translation of foreign currency-denominated financial statements	-553,544.38	3,131,513.29
6.2.7 Other		
Attributable to non-controlling interests		
7. Total comprehensive income	762,820,221.20	144,051,831.39
Attributable to owners of the Company as the parent	774,267,824.95	194,974,984.88
Attributable to non-controlling interests	-11,447,603.75	-50,923,153.49
8. Earnings per share		
8.1 Basic earnings per share	1.2998	0.3229
8.2 Diluted earnings per share	1.2998	0.3229

Where business combinations under common control occurred in the current period, the net profit achieved by the acquirees before the combinations was RMB0, with the amount for the same period of last year being RMB0.

Legal representative: Liu Shengxiang

Head of financial affairs: Cai Lili

Head of the financial department: Liu Qiang

3. Consolidated Cash Flow Statement for Q1~Q3

Unit: RMB

Item	Q1~Q3 2021	Q1~Q3 2020
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	4,042,420,125.09	2,899,288,769.77
Net increase in customer deposits and deposits from other banks and financial institutions		
Net increase in borrowings from the central bank		
Net increase in loans from other financial institutions		
Premiums received on original insurance contracts		
Net proceeds from reinsurance		
Net increase in deposits and investments of policy holders		
Interest, fees and commissions received		
Net increase in loans from other banks and financial institutions		
Net increase in proceeds from repurchase transactions		
Net proceeds from acting trading of securities		
Tax and levy rebates	27,939,475.62	12,858,739.05
Cash generated from other operating activities	203,438,724.30	418,683,926.79
Subtotal of cash generated from operating activities	4,273,798,325.01	3,330,831,435.61
Payments for commodities and services	2,887,214,350.83	1,128,024,166.75
Net increase in loans and advances to customers		
Net increase in deposits in the central bank and other banks and financial institutions		
Payments for claims on original insurance contracts		
Net increase in loans to other banks and financial institutions		
Interest, fees and commissions paid		
Policy dividends paid		
Cash paid to and for employees	531,706,928.53	472,672,344.40
Taxes and levies paid	1,263,721,854.47	2,012,684,115.79
Cash used in other operating activities	134,165,769.18	170,217,765.85
Subtotal of cash used in operating activities	4,816,808,903.01	3,783,598,392.79
Net cash generated from/used in	-543,010,578.00	-452,766,957.18

operating activities		
2. Cash flows from investing activities:		
Proceeds from disinvestment		
Return on investment		
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	26,112.57	4,608.08
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities		
Subtotal of cash generated from investing activities	26,112.57	4,608.08
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	14,930,846.83	28,396,835.53
Payments for investments		
Net increase in pledged loans granted		
Net payments for the acquisition of subsidiaries and other business units	1,822,663.42	465,807,569.82
Cash used in other investing activities		
Subtotal of cash used in investing activities	16,753,510.25	494,204,405.35
Net cash generated from/used in investing activities	-16,727,397.68	-494,199,797.27
3. Cash flows from financing activities:		
Capital contributions received	140,000.00	840,000.00
Including: Capital contributions by non-controlling interests to subsidiaries	140,000.00	840,000.00
Borrowings received		2,172,000,000.00
Cash generated from other financing activities		
Subtotal of cash generated from financing activities	140,000.00	2,172,840,000.00
Repayment of borrowings	100,000.00	1,033,000.00
Interest and dividends paid	386,900,067.44	354,270,624.80
Including: Dividends paid by subsidiaries to non-controlling interests		
Cash used in other financing activities		
Subtotal of cash used in financing activities	387,000,067.44	355,303,624.80
Net cash generated from/used in financing activities	-386,860,067.44	1,817,536,375.20
4. Effect of foreign exchange rates changes on cash and cash equivalents	-526,623.85	-1,054,883.75
5. Net increase in cash and cash equivalents	-947,124,666.97	869,514,737.00
Add: Cash and cash equivalents, beginning of the period	4,168,154,911.83	3,285,345,233.47
6. Cash and cash equivalents, end of the period	3,221,030,244.86	4,154,859,970.47

(II) Adjustments to the Financial Statements**1. Adjustments to the Financial Statements at the Beginning of the First Execution Year of the New Standards Governing Leases from 2021**

√ Applicable □ Not applicable

Whether the Company needs to adjust items in the balance sheet at the beginning of the year

√ Yes □ No

Consolidated Balance Sheet

Unit: RMB

Item	31 December 2020	1 January 2021	Adjusted
Current assets:			
Monetary assets	4,206,266,629.32	4,206,266,629.32	
Settlement reserve			
Loans to other banks and financial institutions			
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable			
Accounts receivable	187,697,631.47	187,697,631.47	
Receivables financing			
Prepayments	50,543,422.85	50,543,422.85	
Premiums receivable			
Reinsurance receivables			
Receivable reinsurance contract reserve			
Other receivables	789,050,350.51	789,050,350.51	
Including: Interest receivable			
Dividends receivable			
Financial assets purchased under resale agreements			
Inventories	5,312,489,258.20	5,312,489,258.20	
Contract assets			
Assets held for sale			
Current portion of non-current assets			
Other current assets	48,991,965.92	48,991,965.92	
Total current assets	10,595,039,258.27	10,595,039,258.27	
Non-current assets:			
Loans and advances to customers			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	45,710,220.79	45,710,220.79	
Investments in other equity instruments	1,044,905.12	1,044,905.12	
Other non-current			

financial assets			
Investment property	484,738,506.83	484,738,506.83	
Fixed assets	116,233,936.04	116,233,936.04	
Construction in progress			
Productive living assets			
Oil and gas assets			
Right-of-use assets		14,992,421.49	14,992,421.49
Intangible assets	482,049.51	482,049.51	
Development costs			
Goodwill			
Long-term prepaid expense	11,862,716.14	11,862,716.14	
Deferred income tax assets	950,681,245.50	950,681,245.50	
Other non-current assets	1,564,074.34	1,564,074.34	
Total non-current assets	1,612,317,654.27	1,627,310,075.76	14,992,421.49
Total assets	12,207,356,912.54	12,222,349,334.03	14,992,421.49
Current liabilities:			
Short-term borrowings			
Borrowings from the central bank			
Loans from other banks and financial institutions			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable	468,269,685.65	468,269,685.65	
Advances from customers	473,274.48	473,274.48	
Contract liabilities	666,893,629.72	666,893,629.72	
Financial assets sold under repurchase agreements			
Customer deposits and deposits from other banks and financial institutions			
Payables for acting trading of securities			
Payables for underwriting of securities			
Employee benefits payable	177,190,197.36	177,190,197.36	
Taxes and levies payable	2,487,212,979.37	2,487,212,979.37	
Other payables	847,142,613.09	847,142,613.09	
Including: Interest payable			
Dividends payable	12,202,676.04	12,202,676.04	
Fees and commissions payable			
Reinsurance payables			
Liabilities directly associated with assets held for sale			

Current portion of non-current liabilities	36,722,824.88	36,722,824.88	
Other current liabilities	43,354,691.51	43,354,691.51	
Total current liabilities	4,727,259,896.06	4,727,259,896.06	
Non-current liabilities:			
Insurance contract reserve			
Long-term borrowings	3,587,800,000.00	3,587,800,000.00	
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities		14,992,421.49	14,992,421.49
Long-term payables			
Long-term employee benefits payable			
Provisions	2,396,947.00	2,396,947.00	
Deferred income			
Deferred income tax liabilities	262.20	262.20	
Other non-current liabilities	108,778,327.45	108,778,327.45	
Total non-current liabilities	3,698,975,536.65	3,713,967,958.14	14,992,421.49
Total liabilities	8,426,235,432.71	8,441,227,854.20	14,992,421.49
Owners' equity:			
Share capital	595,979,092.00	595,979,092.00	
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserves	80,488,045.38	80,488,045.38	
Less: Treasury stock			
Other comprehensive income	-6,749,589.41	-6,749,589.41	
Specific reserve			
Surplus reserves	19,205,979.63	19,205,979.63	
General reserve			
Retained earnings	3,038,993,912.43	3,038,993,912.43	
Total equity attributable to owners of the Company as the parent	3,727,917,440.03	3,727,917,440.03	
Non-controlling interests	53,204,039.80	53,204,039.80	
Total owners' equity	3,781,121,479.83	3,781,121,479.83	
Total liabilities and owners' equity	12,207,356,912.54	12,222,349,334.03	14,992,421.49

Notes to the adjustments

The Company has implemented the new IFRS 16 Leases since 1 January 2021, and according to the accumulated number of impacts based on the execution of the new lease standard, the Company will adjust the amount of relevant items in the financial statements at the beginning of the first year of execution, and will not adjust information for comparable periods. For operational leasing prior to the date of initial adoption, the Company will measure the lease liabilities according to the present value discounted at the incremental borrowing rate on the date of initial adoption based on the remaining lease payments, and make necessary adjustments to the right-of-use assets at an amount equal to the lease liabilities.

2. Retrospective Restatement of Previous Comparative Data due to the First Execution of the New Standards Governing Leases from 2021

Applicable Not applicable

(III) Independent Auditor's Report

Indicate by tick mark whether the financial statements above have been audited by an independent auditor.

Yes No

These financial statements have not been audited by such an auditor.

Board of Directors

Shenzhen Properties & Resources Development (Group) Ltd.

30 October 2021