

Stock Code: 000011, 200011

Stock Name: PRD, PRD-B

Announcement No. 2018-35

**SHENZHEN PROPERTIES & RESOURCES
DEVELOPMENT (GROUP) LTD.**

THIRD QUARTER REPORT 2018 (SUMMARY)

Part I Important Notes

The Board of Directors (or the “Board”), the Supervisory Committee as well as the directors, supervisors and senior management of ShenZhen Properties & Resources Development (Group) Ltd. (together with its consolidated subsidiaries, the “Company”, except where the context otherwise requires) hereby guarantee the factuality, accuracy and completeness of the contents of this Report and its summary, and shall be jointly and severally liable for any misrepresentations, misleading statements or material omissions therein.

All the Company’s directors have attended the Board meeting for the review of this Report and its summary.

Liu Shengxiang, the Company’s legal representative, Cai Lili, the Company’s head of financial affairs, and Shen Xueying, head of the Company’s financial department (equivalent to financial manager) hereby guarantee that the financial statements carried in this Report are factual, accurate and complete.

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

I Key Consolidated Financial Information

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

Yes No

	30 September 2018	31 December 2017	Change (%)	
Total assets (RMB)	4,884,498,981.18	5,393,331,548.87	-9.43%	
Equity attributable to the listed company's shareholders (RMB)	2,885,240,065.59	2,921,693,794.08	-1.25%	
	Q3 2018	YoY change (%)	Q1-Q3 2018	YoY change (%)
Operating revenue (RMB)	373,989,694.46	-72.00%	1,199,003,679.43	-54.80%
Net profit attributable to the listed company's shareholders (RMB)	61,216,163.81	-71.10%	144,188,691.40	-74.97%
Net profit attributable to the listed company's shareholders before exceptional items (RMB)	61,962,097.63	-70.64%	143,925,231.95	-75.14%
Net cash generated from/used in operating activities (RMB)	--	--	49,981,030.19	114.09%
Basic earnings per share (RMB/share)	0.1027	-71.10%	0.2419	-74.98%
Diluted earnings per share (RMB/share)	0.1027	-71.10%	0.2419	-74.98%
Weighted average return on equity (%)	2.09%	-5.94%	4.92%	-16.92%

Exceptional gains and losses:

Applicable Not applicable

Unit: RMB

Item	Q1-Q3 2018	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	551,874.00	
Non-operating income and expense other than above	274,942.21	
Less: Income tax effects	563,356.76	
Total	263,459.45	--

Explanation of why the Company reclassifies as recurrent an exceptional gain/loss item defined or 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 for the Reporting Period.

II Total Number of Shareholders and Holdings of Top 10 Shareholders at 30 September 2018

1. Numbers of Ordinary Shareholders and Preferred Shareholders with Resumed Voting Rights as well as Holdings of Top 10 Shareholders

Unit: share

Number of ordinary shareholders		44,868		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 Construction Investment Holdings Corporation	State-owned legal person	54.33%	323,796,324	293,997,370			
Shenzhen Investment Management Corporation	State-owned legal person	9.49%	56,582,573	56,582,573			
Du Xinye	Domestic natural person	0.65%	3,880,800				
Zhou Qun	Domestic natural person	0.52%	3,115,450				
Du Yunfeng	Domestic natural person	0.39%	2,323,000				
Shenzhen Duty-Free Commodity Enterprises Co., Ltd.	Domestic non-state-owned legal person	0.29%	1,730,300	1,730,300			
Gao Wenren	Domestic natural person	0.25%	1,506,000				

Yang Yaochu	Domestic natural person	0.24%	1,410,620			
Li Jing	Domestic natural person	0.20%	1,176,740			
Su Zhifen	Domestic natural person	0.19%	1,150,000			
Top 10 unrestricted shareholders						
Name of shareholder	Unrestricted shares	Shares by type				
		Type	Shares			
Shenzhen Construction Investment Holdings Corporation	29,798,954	RMB-denominated ordinary stock	29,798,954			
Du Xinye	3,880,800	RMB-denominated ordinary stock	3,880,800			
Zhou Qun	3,115,450	RMB-denominated ordinary stock	3,115,450			
Du Yunfeng	2,323,000	RMB-denominated ordinary stock	2,323,000			
Gao Wenren	1,506,000	RMB-denominated ordinary stock	1,506,000			
Yang Yaochu	1,410,620	Domestically listed foreign stock	1,410,620			
Li Jing	1,176,740	Domestically listed foreign stock	1,176,740			
Su Zhifen	1,150,000	RMB-denominated ordinary stock	1,150,000			
Mai Furong	1,130,500	Domestically listed foreign stock	1,130,500			
Wuhan Xingkaiyuan Electric Power Engineering Co., Ltd	1,100,000	RMB-denominated ordinary stock	1,100,000			
Related or acting-in-concert parties among shareholders above	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 Company does not know whether there are any connected parties or acting-in-concert parties among the other 8 shareholders.					
Top 10 ordinary shareholders involved in securities margin trading (if any)	N/A					

Indicate by tick mark whether any of the top 10 ordinary shareholders or the top 10 unrestricted ordinary shareholders of the Company conducted any promissory repo during the Reporting Period.

Yea No

No such cases in the Reporting Period.

2. Number of Preferred Shareholders and Shareholdings of Top 10 of Them

Applicable Not applicable

Part III Significant Events

I Changes in Key Consolidated Financial Statement Line Items and Explanation of why

√ Applicable □ Not applicable

1. Accounts receivable rose 90.37% from the amount as at 31 December 2017 to RMB88,089,246.66 as at 30 September 2018, primarily driven by larger amounts due from homeowners to property management subsidiaries.
2. Prepayments rose 51.16% from the amount as at 31 December 2017 to RMB42,552,532.47 as at 30 September 2018, primarily driven by the increase in prepaid taxes.
3. Other receivables declined 79.28% from the amount as at 31 December 2017 to RMB18,925,116.21 as at 30 September 2018, primarily driven by the collection of the final payment from the share transfer of two taxi service subsidiaries.
4. Inventories declined 24.18% from the amount as at 31 December 2017 to RMB1,403,219,359.96 as at 30 September 2018, primarily driven by the sale and settlement of properties.
5. Long-term prepaid expense rose 151.77% from the amount as at 31 December 2017 to RMB2,395,293.07 as at 30 September 2018, primarily driven by higher prepaid decoration expenses.
6. Taxes payable declined 35.99% from the amount as at 31 December 2017 to RMB763,324,955.45 as at 30 September 2018, primarily driven by the payment of land value added tax, corporate income tax and the like.
7. Other comprehensive income declined 44.96% from the amount as at 31 December 2017 to RMB-5,960,279.43 as at 30 September 2018, primarily driven by lower income from translation of foreign currency-denominated financial statements caused by exchange rate fluctuations.
8. The year-on-year decreases of 72.00% and 54.80% in operating revenue to RMB373,989,694.46 and RMB1,199,003,679.43 during Q3 2018 and Q1~Q3 2018, respectively, primarily resulted from lower property sales revenue caused by a significantly smaller floor area sold and settled.
9. The year-on-year decreases of 72.00% and 54.80% in operating costs and expenses to RMB220,059,287.49 and RMB909,246,628.59 during Q3 2018 and Q1~Q3 2018, respectively, primarily resulted from lower costs and expenses in the property sales business caused by a significantly smaller floor area sold and settled.
10. The year-on-year decreases of 45.70% and 86.31% in taxes and surcharges to RMB55,644,770.75 and RMB62,944,209.41 during Q3 2018 and Q1~Q3 2018, respectively, primarily resulted from lower land value added tax and the like due to lower property sales revenue.
11. The year-on-year decreases of 38.54% and 25.30% in selling expense to RMB5,511,547.16 and RMB14,808,076.92 during Q3 2018 and Q1~Q3 2018, respectively, primarily resulted from the decrease in sales agent fees and service charges.
12. The year-on-year increases of 168.00% and 76.34% in finance costs (negative figures represent income) to RMB-10,838,996.25 and RMB-38,456,220.90 during Q3 2018 and Q1~Q3 2018, respectively, primarily resulted from higher interest income.
13. Asset impairment loss stood at RMB-4,797,271.69 during Q1~Q3 2018 with reversal down 91.36% year-on-year, primarily resulted from the fact that certain previous valuation allowances on the Banshan Yujing (Xuzhou) project and the Hupan Yujing (Yangzhou) project had been reversed in the same period of last year due to rising prices, while the current period saw less such reversal.

14. Investment income stood at RMB1,348,773.97 during Q3 2018, up 181.29% year-on-year, and was RMB1,398,021.17 during Q1~Q3 2018, down 26.13% year-on-year, primarily resulted from changes in contributions from joint ventures.

15. The net amount of non-operating income and expense stood at RMB206,685.38 during Q1~Q3 2018 with such net expense down 104.39% year-on-year, primarily resulted from higher confiscated income and fewer payments for legal matters.

16. The year-on-year decreases of 72.95% and 73.79% in income tax expense to RMB18,351,487.77 and RMB44,938,831.33 during Q3 2018 and Q1~Q3 2018, respectively, primarily resulted from a lower profit.

17. Operating profit, profit before tax and net profit (attributable to the Company as the parent) stood at RMB80,582,782.78, RMB79,567,651.58 and RMB61,216,163.81 during Q3 2018, down 71.13%, 71.55% and 71.10% respectively year-on-year, and was RMB188,920,837.35, RMB189,127,522.73 and RMB144,188,691.40 during Q1~Q3 2018, down 74.89%, 74.70% and 74.97% respectively year-on-year, primarily resulted from less property sales revenue and a lower gross profit margin of sold and settled floor areas.

18. The year-on-year decreases of 304.04% and 312.41% in other comprehensive income, net of tax to RMB-2,264,052.37 and RMB-1,848,692.29 during Q3 2018 and Q1~Q3 2018, respectively, primarily resulted from changes in income from translation of foreign currency-denominated financial statements caused by exchange rate fluctuations.

19. The year-on-year increase of 114.09% in net cash generated from/used in operating activities to RMB49,981,030.19 during Q1~Q3 2018 primarily resulted from more payments collected from homebuyers and the decrease in taxes paid during the current period.

20. The year-on-year decrease of 19.86% in net cash generated from/used in investing activities to RMB76,167,830.64 during Q1~Q3 2018 primarily resulted from a lower payment received in the current period for the share transfer of two taxi service subsidiaries.

21. Net cash generated from/used in financing activities stood at RMB-177,787,631.06 during Q1~Q3 2018, with such net cash used up 65.77% from the same period of last year, primarily resulted from the increase in dividends paid during the current period.

22. Net increase in cash and cash equivalents stood at RMB-48,981,405.13 during Q1~Q3 2018, with such net decrease down 86.75% from the same period of last year, primarily resulted from more payments collected from homebuyers and the decrease in taxes paid during the current period.

II Progress, Influence and Solutions Associated with Significant Events

√ Applicable □ Not applicable

In order to continuously optimize the Company's industrial layout and asset structure, actively respond to the call for the resource integration of municipal state-owned taxi enterprises and for strengthening strategic synergetic development of state-owned enterprises and follow the trend of the industrial reform, the Company intended to transfer the whole shares in its subsidiaries Shenzhen International Trade Center Car Industry Co., Ltd. and Shenzhen Shenxin Taxi Co., Ltd. to Shenzhen Bus Group Co., Ltd. (hereinafter referred to as "Shenzhen Bus") with price not less than the asset evaluation result of RMB189.533 million. This share transfer was approved by the 17th Meeting of the 8th Board of Directors held on 30 June 2017 and the 1st Extraordinary General Meeting of 2017 held on 17 July 2017 with independent and professional opinions from independent directors. In addition, the share transfer was also approved by the Shenzhen State-owned Assets Supervision and Administration Commission (hereinafter referred to as "Shenzhen SASAC"), and the evaluation report of the target company regarding this equity transfer has completed the filing

procedure of Shenzhen SASAC. Under the share transfer agreement, the Company received the basic transfer price of the share transfer from Shenzhen Bus respectively on 30 August 2017 and 29 March 2018. During the Reporting Period, the Company obtained the profit or loss of relevant period paid by Shenzhen Bus. So far, the rights and obligations involved in the above-mentioned transaction have been totally performed, and this share transfer deal was closed.

Under the general deployment by the government in Shenzhen for the adjustment of state-owned assets management system, Shenzhen SASAC issued SZSASAC [2004] No. 223 on 29 September 2004 in which it decided to set up Shenzhen Investment Holdings Co., Ltd (hereinafter referred to as “SZIH”) taking the form of merger by new establishment. The merged parties involved in are Shenzhen Investment Management Co., Ltd. (hereinafter referred to as “SIM”), Shenzhen Construction Investment Holdings Corporation (hereinafter referred to as “SCIHC”) and Shenzhen Business Investment Holdings Corporation (hereinafter referred to as “SBIHC”). SCIHC held 323,796,324 shares of SZPRD and SIM held 56,582,573 shares of SZPRD, which totally accounted for 63.82% of the total shares of SZPRD. After the issuing of the decision by Shenzhen SASAC on setting up SZIH taking the form of merger by new establishment, the Company keeps introducing this situation under the item of Shareholders’ Profile in annual reports since 2004 (including 2004) and showed investors that the Company’s actual controlling shareholder is SZIH and that the Company’s actual controller is Shenzhen SASAC. SZIH received the Reply on the Consent for the Exemption of Shenzhen Investment Holdings Co., Ltd. from the Tender Offer of Shenzhen Properties & Resources Development (Group) Ltd. (ZJXK <2018>No. 1408) issued by China Securities Regulatory Commission on 5 September 2018. For more details, please refer to the Company’s relevant announcements.

Announcement of significant event	Disclosure date	Disclosure website
The total share transfer of two taxi companies under the control of the Company	1 July 2017	No. 2017-28 <i>Announcement on Resolution of the 17th Meeting of the 8th Board Directors</i> on www.cninfo.com.cn
	1 July 2017	No. 2017-30 <i>Announcement on Transfer of Total Shares in Two Taxi Companies under the Control of the Company to Shenzhen Bus Group Co., Ltd.</i> on www.cninfo.com.cn
	18 July 2017	No. 2017-32 <i>Announcement on Resolution of the 1st Extraordinary General Meeting of 2017</i> on www.cninfo.com.cn
	8 December 2017	No. 2017-47 <i>Announcement on the Progress of the Transfer of Total Shares in Two Taxi Companies under the Control of the Company to Shenzhen Bus Group Co., Ltd.</i> on www.cninfo.com.cn
	27 July 2018	No. 2018-26 <i>Announcement on the Progress of the Transfer of Total Shares in Two Taxi Companies under the Control of the Company to Shenzhen Bus Group Co., Ltd.</i> on www.cninfo.com.cn
Management of state-owned shares held by the Company	4 November 2004	No. 2004-15 <i>Indicative Announcement on the Company’s State-owned Equity Management</i> on www.cninfo.com.cn
	15 October 2016	No. 2016-20 <i>Announcement on the Progress of the Company’s State-owned Equity Management</i> on www.cninfo.com.cn
	5 September 2018	No. 2018-32 <i>Announcement on Reception of Reply on Consent for the Exemption of Shenzhen Investment Holdings Co., Ltd. from the Tender Offer Obligation Issued by China Securities Regulatory Commission</i> on www.cninfo.com.cn

III Commitments that the Company's Actual Controller, Shareholders, Related Parties and Acquirers, as well as the Company Itself and Other Parties, Failed to Fulfill on Time during Reporting Period

Applicable Not applicable

No such cases in the Reporting Period.

IV 2018 Annual Operating Performance Forecast

Warning of a forecast loss on or a forecast significant year-on-year change in net profit for year 2018, as well as explanation of why:

Applicable Not applicable

V Securities Investments

Applicable Not applicable

Unit: RMB

Security type	Security code	Security name	Initial investment cost	Measurement method	Beginning carrying amount	Gain/Loss on fair-value changes in Reporting Period	Accumulated fair-value changes charged to equity	Purchased in Reporting Period	Sold in Reporting Period	Gain/loss in Reporting Period	Ending carrying amount	Accounting title	Funding source
Domestically/Overseas listed stock	400016 、 420016	Gintian A, Gintian B	3,565,856.06	Fair value method	3,591,209.20						3,598,765.93	Available-for-sale financial assets	Obtained in Gintian's debt restructuring
Total			3,565,856.06	--	3,591,209.20	0.00	0.00	0.00	0.00	0.00	3,598,765.93	--	--
Disclosure date of announcement on Board's consent for securities investments													
Disclosure date of announcement on general meeting's consent for securities investments (if any)													

VI Wealth Management Entrustment

Applicable Not applicable

No such cases in the Reporting Period.

VII Investments in Derivative Financial Instruments

Applicable Not applicable

No such cases in the Reporting Period.

VIII Visits Paid to the Company for Purposes of Research, Communication, Interview, etc. during Reporting Period

Applicable Not applicable

Date of visit	Way of visit	Type of visitor	About
2 July 2018	SZSE EasyIR	Individual	Inquired of the progress of Golden Collar's Resort Project
3 July 2018	SZSE EasyIR	Individual	Inquired of situations of shareholders of the Company
17 July 2018	SZSE EasyIR	Individual	Inquired of the following operation of Golden Collar's Resort Project
20 July 2018	SZSE EasyIR	Individual	Inquired of the profile of Golden Collar's Resort Project
20 July 2018	SZSE EasyIR	Individual	Inquired of the presale of Golden Collar's Resort Project
14 August 2018	SZSE EasyIR	Individual	Inquired of the situation of pilot State-owned enterprises in Shenzhen
21 August 2018	SZSE EasyIR	Individual	Inquired of the disclosure of the Interim Report
4 September 2018	SZSE EasyIR	Individual	Inquired of the cooperation with foreign counterparts
4 September 2018	SZSE EasyIR	Individual	Inquired of the key corporate information
4 September 2018	SZSE EasyIR	Individual	Inquired of the performance of the Company in Guangdong-Hong Kong-Macao Bay Area
4 September 2018	SZSE EasyIR	Individual	Inquired of the Company's leasing business
8 September 2018	SZSE EasyIR	Individual	Inquired of situations of shareholders of the Company

IX Irregularities in Provision of Guarantees for External Parties

Applicable Not applicable

No such cases in the Reporting Period.

X Occupation of the Company's Capital by Controlling Shareholder or Its Related Parties for Non-Operating Purposes

Applicable Not applicable

No such cases in the Reporting Period.