



Shenzhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd.

Abstract of the Semi-Annual Report 2012

I. Important Notes

The Board of Directors, the Supervisory Committee, directors, supervisors and senior executives of Shenzhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd. (hereinafter referred to as "the Company") warrant that there are no omissions, fictitious or seriously misleading statements carried in this report and will take all responsibilities, individual and joint, for the authenticity, accuracy and integrity of the whole contents of this report. All directors attended the board session for reviewing this report.

The semi-annual financial report of the Company has not been audited by a CPA firm.

Zhou Jianguo, Principal of the Company, Chen Maozheng, Person-in-charge of the accounting work, and Tang Xiaoping, Person-in-charge of the accounting organ (Person-in-charge of Accounting) hereby declare that the financial report enclosed in this report is authentic and integrated.

English Translation for Reference Only. Should there be any discrepancy between the two versions, the Chinese version shall prevail.

II. Company Profile

(I) Basic information

A-share abbreviation	SSFA	
A-share code	000029	
Stock exchange listed with	Shenzhen Stock Exchange	
	Company Secretary	Securities Affairs Representative
Name	Chen Ji	Luo Yi
Contact address	47/F, SPG Plaza, No.3005 Renmin South Road, Shenzhen	47/F, SPG Plaza, No.3005 Renmin South Road, Shenzhen
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(II) Financial highlights

1. Major accounting data and financial indexes

Any retrospective adjustment in previous financial statements?

☐ Yes ☒ No

	30 Jun. 2012	31 Dec. 2011	Increase/decrease (%)
Total assets (RMB Yuan)	3,272,631,866.84	3,236,127,046.06	1.13%
Owners' equity attributable to shareholders of the Company (RMB Yuan)	1,568,635,529.01	1,528,596,536.13	2.62%
Share capital (share)	1,011,660,000.00	1,011,660,000.00	0%
Net assets per share attributable to shareholders of the Company (RMB Yuan/share)	1.551	1.511	2.65%
Liability/asset ratio (%)	55.99%	56.73%	-0.74%
	Jan.-Jun. 2012	Jan.-Jun. 2011	Increase/decrease (%)
Gross operating revenue (RMB Yuan)	447,364,203.07	553,919,803.97	-19.24%
Operating profit (RMB Yuan)	53,275,854.82	81,876,583.09	-34.93%
Total profit (RMB Yuan)	53,290,258.39	82,830,990.51	-35.66%
Net profit attributable to shareholders of the Company (RMB Yuan)	40,084,098.09	64,300,859.86	-37.66%
Net profit attributable to shareholders of the Company after deducting non-recurring gains and losses (RMB Yuan)	40,066,125.89	63,360,695.70	-36.77%
Basic EPS (RMB Yuan/share)	0.0396	0.0636	-37.74%
Diluted EPS (RMB Yuan/share)	0.0396	0.0636	-37.74%
Weighted average ROE (%)	2.59%	4.4%	-1.81%
Weighted average ROE after deducting non-recurring gains and losses (%)	2.59%	4.34%	-1.75%
Net cash flow from operating activities (RMB Yuan)	-116,313,872.03	84,323,901.31	-237.94%
Net cash flow per share from operating activities (RMB Yuan/share)	-0.115	0.0834	-237.89%

Notes to major accounting data and financial indexes before the end of the reporting period: (Please give notes if there is any retrospective adjustment):

For the reporting period, the Company achieved a total profit of RMB 53.29 million, down 35.66% from a year earlier; and a net profit attributable to shareholders of the Company of RMB 40.08 million, down 37.66% over the same period of last year. The decreased operating revenue led to a decrease of the gross profit and the profit.

Business results for the first half of 2012 and the year-on-year changes:

Item	Jan.-Jun. 2012	Jan.-Jun. 2011	Increase/decrease (%)
Operating revenue	447,364,203.07	553,919,803.97	-19.24
Operating cost	310,482,609.12	381,699,513.43	-18.66
Business taxes and surtaxes	44,716,083.71	49,318,473.28	-9.33
Selling expense	6,256,376.23	4,223,579.62	48.13
Administrative expense	29,263,423.18	31,177,179.75	-6.14
Financial expense	3,419,856.01	5,710,554.08	-40.11
Period expense	38,939,655.42	41,111,312.45	-5.28
Asset impairment loss	—	—	—
Gains on fair value changes	—	25,479.05	-94.47%
Investment gains	50,000.00	60,599.23	-17.49%
Operating profit	53,275,854.82	81,876,583.09	-34.93%
Non-business income	62,961.84	1,138,021.01	-94.47%
Non-business expense	48,558.27	183,613.59	-73.55%
Total profit	53,290,258.39	82,830,990.51	-35.66%
Income tax expense	13,182,343.19	18,548,556.91	-28.93%
Net profit	40,107,915.20	64,282,433.60	-37.61%
Net profit attributable to owners of the Company	40,084,098.09	64,300,859.86	-37.66%

- A. The Company achieved operating revenue of RMB 447.36 million, down 19.24% over the same period of last year; and an overall gross profit rate of 30.60%, down 49 basic points on a year-on-year basis.
- B. The period expense for the reporting period was RMB 38.94 million, down 5.28% over the same period of last year, of which:
- The selling expense was RMB 6.26 million, up 48.13% on a year-on-year basis, which was mainly due to the increased advertising cost.
 - The administrative expense was RMB 29.26 million, down 6.14% over the same period of last year, which was mainly because other cash expenses decreased.
 - The financial expense was RMB 3.42 million, down 40.11% over the same period of last year, which was mainly because more interest on the borrowings for real estate projects was capitalized.
 - The operating profit was RMB 53.28 million, down 34.93% from a year earlier, which was mainly because the operating revenue decreased 106.56 million and the gross profit decreased 35.34 million on a year-on-year basis.
 - Non-business income and expense both decreased over the same period of last year, which was mainly due to the decrease in non-current asset disposal and the liquidated damage income on house payments receivable.
 - Net cash flows of operating activities was RMB -116.31 million, down 237.94% over the same period of last year, which was mainly because the cash received from selling goods and rendering of services decreased 22.09%. The cash paid for goods and services increased 19.40% over the same period of last year, which was mainly because the Company paid for projects in progress during the reporting period. And the net cash flows of financing activities increased 110.49% on a year-on-year basis, which was mainly due to the new bank borrowings granted during the reporting period.

2. Items of non-recurring gains and losses

☒ Applicable ☐ Inapplicable

Items	Jan.-Jun. 2012 (RMB Yuan)	Notes
Gains and losses on disposal of non-current assets	14,692.90	
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		
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		
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		
Gains and losses on entrustment loans from external parties		
Gains and losses on fair value changes of investing properties for which the loss 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	-289.33	
Other gain and loss items that meet the definition of non-recurring gains and losses		
Minority interests effects		
Income tax effects	3,568.63	
Total	17,972.20	—

3. Net profit and net asset differences between financial reports disclosed according to the international and Chinese accounting standards respectively

☐ Applicable ☒ Inapplicable

4. Net profit and net asset differences between financial reports disclosed according to the overseas and Chinese accounting standards respectively

☐ Applicable ☒ Inapplicable

III. Changes in Share Capital and Particulars about Shareholders

(I) Changes in share capital

☐ Applicable ☒ Inapplicable

(II) Shares held by the top ten holders of tradable shares/shares not subject to trading moratorium

Shares held by the top ten shareholders and the top ten shareholders holding trade-able shares

Total number of shareholders						86,854
Particulars about shares held by the top ten shareholders						
Name of shareholder (full name)	Nature of shareholder	Shareholding percentage (%)	Total shares held at the period-end	Number of non-tradable shares held	Pledged or frozen shares	
SHENZHEN INVESTMENT HOLDINGS CO., LTD	State-owned corporation	63.5475%	642,884,262	0		
JING JIANJUN	Domestic natural person	0.1582%	1,600,000	0		
GUOTAI JUNAN SECURITIES (HONGKONG) LIMITED	Foreign corporation	0.1524%	1,541,850	0		
WANG ZHONGMING	Domestic natural person	0.1083%	1,095,808	0		
WU HAOYUAN	Foreign natural person	0.108%	1,092,100	0		
XUE HAOYUAN	Domestic natural person	0.0885%	894,956	0		
PENG QIONGHUI	Domestic natural person	0.0869%	879,499	0		
AGRICULTURAL BANK OF CHINA - CHINA SOUTHERN CHINA SECURITIES 500 INDEX FUND	State-owned corporation	0.0774%	782,619	0		
XU TAIYING	Domestic natural person	0.0771%	780,000	0		
ZHANG RUI	Domestic natural person	0.0722%	730,700	0		
Particulars about shares held by the top ten shareholders holding tradable shares						
Name of shareholder	Number of tradable shares held	Type	Number			
SHENZHEN INVESTMENT HOLDINGS CO., LTD	642,884,262	A-share	642,884,262			
JING JIANJUN	1,600,000	A-share	1,600,000			
GUOTAI JUNAN SECURITIES (HONGKONG) LIMITED	1,541,850	B-share	1,541,850			
WANG ZHONGMING	1,095,808	B-share	1,095,808			
WU HAOYUAN	1,092,100	B-share	1,092,100			
XUE HAOYUAN	894,956	A-share	894,956			
PENG QIONGHUI	879,499	A-share	879,499			
AGRICULTURAL BANK OF CHINA - CHINA SOUTHERN CHINA SECURITIES 500 INDEX FUND	782,619	A-share	782,619			
XU TAIYING	780,000	A-share	780,000			
ZHANG RUI	730,700	A-share	730,700			

Explanation on associated relationship or/and persons acting in concert among the above-mentioned shareholders

(III) Change of the controlling shareholder and the actual controller

☐ Applicable ☒ Inapplicable

IV. Particulars about Directors, Supervisors and Senior Management

(I) Shareholding changes of directors, supervisors and senior management

Name	Office title	Number of shares held at period-begin	Number of shares increased in reporting period	Number of shares decreased in reporting period	Number of shares held at period-end	Of which: number of restricted shares held	Number of stock options held at period-end	Reason for change
Zhou Jianguo	Chairman	0	0	0	0	0	0	—
Chen Maozheng	GM, Director	0	0	0	0	0	0	—
Zhuang Qian	Supervisor	0	0	0	0	0	0	—
Deng Kangcheng	Director	0	0	0	0	0	0	—
Wen Lu	Director	0	0	0	0	0	0	—
Jiang Lihua	Director	0	0	0	0	0	0	—
Zhang Lei	CFO, Director	0	0	0	0	0	0	—
Zhou Jianjun	Independent Director	0	0	0	0	0	0	—
Liu Qiumin	Independent Director	0	0	0	0	0	0	—
Song Botong	Independent Director	0	0	0	0	0	0	—
Wang Xiyuan	Supervisor	0	0	0	0	0	0	—
Li Yude	Supervisor	0	0	0	0	0	0	—
Xiong Xingrong	Supervisor	0	0	0	0	0	0	—
Shi Chunrong	Supervisor	0	0	0	0	0	0	—
Yang Jiyong	Vice GM	0	0	0	0	0	0	—
Teng Xianyu	Vice GM	0	0	0	0	0	0	—
Wu Liming	Vice GM	0	0	0	0	0	0	—
Chen J	Company Secretary	0	0	0	0	0	0	—
Xu Zhenhan	Supervisor	0	0	0	0	0	0	—
Feng Hongwei	Supervisor	0	0	0	0	0	0	—

V. Report of the Board of Directors

(I) Main business lines classified by industries and products

Main business lines classified by industries						Unit: RMB Yuan
Industry	Operating revenue	Operating cost	Gross profit rate (%)	Increase/decrease of operating revenue compared with the same period last year (%)	Increase/decrease of operating cost compared with the same period last year (%)	
Real estate	171,290,731.00	76,250,647.97	55.48%	-37.65%	-45.78%	6.57%
Construction	182,734,297.82	171,454,717.81	61.7%	-2.7%	-2.7%	0.06%
Property lease	30,141,506.10	11,819,302.94	60.79%	6.5%	-11.7%	8.08%
Property management	51,453,638.87	41,628,088.89	19.1%	0.2%	0.29%	-0.07%
Hotel and other services	11,744,029.28	9,329,851.51	20.56%	0.16%	-5.38%	4.65%

Main business lines classified by products						Unit: RMB Yuan
Product	Operating revenue	Operating cost	Gross profit rate (%)	Increase/decrease of operating revenue compared with the same period last year (%)	Increase/decrease of operating cost compared with the same period last year (%)	
Residential buildings	17,129.00	7,625.00	55.48%	-37.65%	-45.78%	6.57%

Explanation to the reasons for any significant year-on-year change of the gross profit rate:

(II) Main business lines classified by regions

Region	Operating revenue	Increase/decrease compared with the same period last year (%)
Guangdong Province	447,055,009.59	-19.24%
Overseas	309,193.48	-7.31%

(III) Reasons for any significant change in main business and its structure

☐ Applicable ☒ Inapplicable

(IV) Reasons of significant changes in profitability of main business (gross profit rate) compared with that in the last year

☐ Applicable ☒ Inapplicable

(V) Analysis on reasons of significant changes in profit breakdown compared with the last year

☐ Applicable ☒ Inapplicable

(VI) Particulars about utilization of the raised funds

☐ Applicable ☒ Inapplicable

2. Change of projects invested with raised funds

☐ Applicable ☒ Inapplicable

(VII) Revision of the Board of Directors' business plan for the second half of the year

☐ Applicable ☒ Inapplicable

(VIII) Business performance estimate for Jan.-Sept. 2012

Warnings of estimated possible losses or major changes of the accumulative net profit achieved during the period from the beginning of the year to the end of the next reporting period compared with the same period of last year, as well as the reasons

☐ Applicable ☒ Inapplicable

(IX) Explanation of the Board of Directors on "Non-standard Auditing Report" issued by the CPA firm for the reporting period

☐ Applicable ☒ Inapplicable

(X) Explanation of the Board of Directors on changes and solutions of the issues involved in the "Non-standard Auditing Report" issued by the CPA firm for last year

☐ Applicable ☒ Inapplicable

VI. Significant Events

(I) Purchase, sales and reorganization of assets

☐ Applicable ☒ Inapplicable

2. Sale of assets

☐ Applicable ☒ Inapplicable

Notes to purchase of assets:

Notes to sale of assets:

3. Progress of these events after the publication of the assets reorganization report or public notices on the purchases or sales of assets, as well as the influences of these events on the operation results and financial status of the Company in this reporting period

☐ Applicable ☒ Inapplicable

(II) Guarantee events

☐ Applicable ☒ Inapplicable

Unit: RMB Ten thousand								
Guarantees provided by the Company for external parties (excluding those for subsidiaries)								
Guaranteed party	Disclosure date of relevant announcement	Amount for guarantee	Actual occurrence date (date of agreement)	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed or not	Guarantee for a related party or not
Total external guarantee line approved during the reporting period (A1)								
Total external guarantee line that has been approved at the end of the reporting period (A3)				Total actual external guarantee balance at the end of the reporting period (A4)				
Guarantees provided by the Company for its subsidiaries								
Guaranteed party	Disclosure date of relevant announcement	Amount for guarantee	Actual occurrence date (date of agreement)	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed or not	Guarantee for a related party or not
Shantou Huailin Real Estate Development Co., Ltd.	15 Aug. 2009	30,000	30 Aug. 2009		Warranty	3 years	No	
Shenzhen Zhongxing Engineering Co., Ltd.	31 Mar. 2012	6,000		0	Warranty	Did not occur	Inapplicable	
Shenzhen SPG Longgang Development Co., Ltd.	31 Mar. 2012	8,840	31 Mar. 2012	8,840	Warranty	3 years	No	
Total guarantee line approved for the subsidiaries during the reporting period (B1)				18,840				8,840
Total guarantee line that has been approved for the subsidiaries at the end of the reporting period (B3)				38,840				17,840
Total guarantee amount provided by the Company (total of the above-mentioned two kinds of guarantees)								
Total guarantee line approved during the reporting period (A1+B1)				18,840				8,840
Total guarantee line that has been approved at the end of the reporting period (A3+B3)				38,840				17,840
Proportion of total guarantee amount (A4+B4) to the net assets of the Company								
Of which:								
Amount of guarantee for shareholders, actual controller and related parties (C)								
Amount of debt guarantee provided for the guaranteed party whose asset-liability ratio is not less than 70% directly or indirectly (D)								
Part of the amount of the total guarantee over 50% of net assets (E)								
Total amount of the above three guarantees (C+D+E)								
Explanation on the possibility of fulfilling the joint responsibility for repayment due to immature guarantees.					The outstanding guarantee balance for the mortgages of house buyers at the end of the reporting period was RMB 8.50 million.			
Explanation on provision of guarantees for external parties in violation of the prescribed procedure					Naught			