

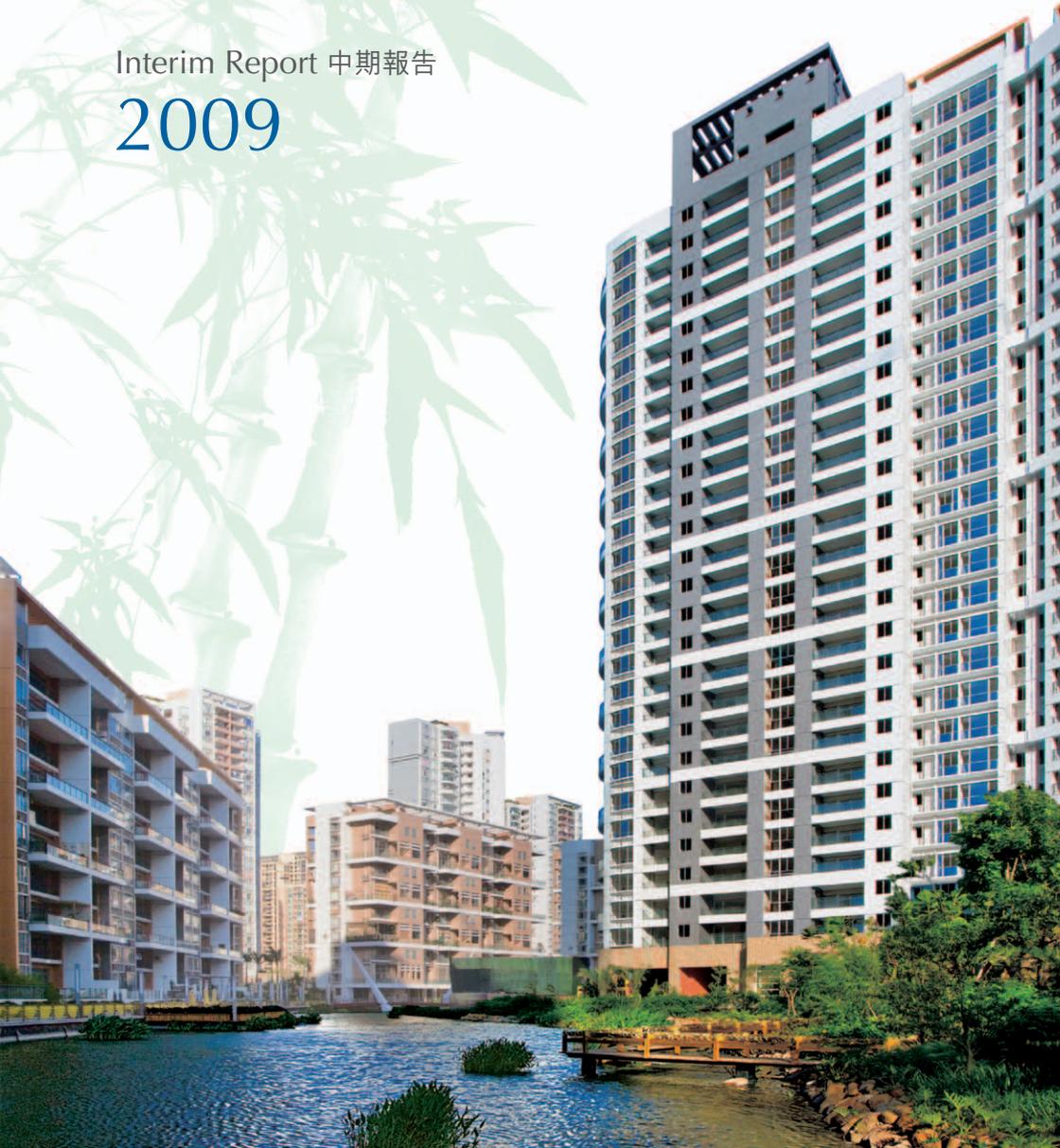


深圳控股有限公司
SHENZHEN INVESTMENT LIMITED

股份代號 Stock Code: 604

Interim Report 中期報告

2009



Corporate Information

Executive Directors

Mr. GUO Limin, Chairman
(appointed on 9 September 2009)

Mr. HU Aimin, Chairman
(resigned on 9 September 2009)

Mr. ZHANG Yijun, President

Mr. ZHAO Gesheng

Mr. LIU Weijin

Non-Executive Director

Dr. WU Jiesi

Independent Non-Executive Directors

Mr. WONG Po Yan

Mr. WU Wai Chung, Michael

Mr. LI Wai Keung

Company Secretary

Mr. LEE Ka Sze, Carmelo
(appointed on 30 June 2009)

Mr. CHEUNG Wing Yui, Edward
(resigned on 30 June 2009)

Authorised Representatives

Mr. GUO Limin
(appointed on 9 September 2009)

Mr. HU Aimin
(ceased on 9 September 2009)

Mr. ZHANG Yijun

Auditors

Ernst & Young
Certified Public Accountants
Hong Kong

Legal Adviser

Woo, Kwan, Lee & Lo, Solicitors &
Notaries

Principal Bankers

Bank of China (Hong Kong) Ltd.

The Bank of East Asia, Ltd.

The Hongkong & Shanghai Banking
Corporation Ltd.

Hang Seng Bank Ltd.

Nanyang Commercial Bank Ltd.

Industrial and Commercial Bank of
China (Asia) Ltd.

Registered Office

8th Floor, New East Ocean Centre
9 Science Museum Road
Tsimshatsui, Kowloon
Hong Kong

Share Registrar and Transfer Office

Tricor Standard Limited
26/F Tesbury Centre
28 Queen's Road East
Hong Kong

Website

<http://www.shenzheninvestment.com>

The board of directors (the “Directors”) of Shenzhen Investment Limited (the “Company”) presents the interim condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2009 together with the comparative figures. These interim financial statements have not been audited, but have been reviewed by the Company’s audit committee and the auditors, Ernst & Young.

Interim Condensed Consolidated Income Statement

For the six months ended 30 June 2009

	Notes	For the six months ended 30 June	
		2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
CONTINUING OPERATIONS			
REVENUE		1,973,401	879,757
Cost of sales		(1,254,923)	(597,080)
Gross profit		718,478	282,677
Other income and gains	4	99,253	136,552
Increase in fair value of investment properties		132,696	447,917
Fair value gains/(losses) of financial assets and financial liabilities at fair value through profit or loss, net		52,275	(221,922)
Selling and distribution costs		(80,591)	(63,044)
Administrative expenses		(216,546)	(233,905)
Other expenses		(11,121)	(53,807)
Finance costs	5	(143,911)	(97,407)
Share of profits and losses of associates		208,994	281,346
PROFIT BEFORE TAX	6	759,527	478,407
Tax	7	(147,138)	(114,659)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		612,389	363,748
DISCONTINUED OPERATIONS			
Loss for the period from discontinued operations	8	–	(25,673)
PROFIT FOR THE PERIOD		612,389	338,075

Interim Condensed Consolidated Income Statement (continued)

For the six months ended 30 June 2009

	Note	For the six months ended 30 June	
		2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
ATTRIBUTABLE TO:			
Equity holders of the parent		521,604	293,155
Minority interests		90,785	44,920
		612,389	338,075
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
	10		
Basic			
– For profit for the period		HK16.23 cents	HK9.14 cents
– For profit from continuing operations		HK16.23 cents	HK9.16 cents
Diluted			
– For profit for the period		HK16.22 cents	HK9.06 cents
– For profit from continuing operations		HK16.22 cents	HK9.08 cents

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2009

	Note	For the six months ended 30 June	
		2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Profit for the period		612,389	338,075
Exchange differences on translation of foreign operations		(10,788)	721,346
Net gain/(loss) on an available-for-sale investment	9	27,457	(4,097)
Income tax		(6,864)	–
		20,593	(4,097)
Share of other comprehensive income of associates	9	11,067	149,489
Other comprehensive income for the period, net of tax		20,872	866,738
Total comprehensive income for the period, net of tax		633,261	1,204,813
Attributable to:			
Equity holders of the parent		542,967	1,096,317
Minority interests		90,294	108,496
		633,261	1,204,813

Interim Condensed Consolidated Statement of Financial Position

At 30 June 2009

	Notes	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	529,305	561,495
Intangible assets		90,970	96,596
Prepaid land lease payment		4,189	4,214
Goodwill		322,595	322,600
Investment properties		4,044,646	3,913,739
Interests in associates	14	5,173,842	4,898,720
Held-to-maturity investments		382,491	382,054
Available-for-sale investments		45,153	17,713
Other long term assets	15	834,329	887,031
Deferred tax assets		240,786	162,171
Total non-current assets		11,668,306	11,246,333
CURRENT ASSETS			
Inventories		58,008	56,298
Completed properties held for sale		1,716,135	862,094
Properties under development		9,339,112	9,908,772
Trade receivables	16	533,843	705,131
Prepayments, deposits and other receivables		585,828	352,276
Financial assets at fair value through profit or loss		38,183	17,308
Pledged bank deposits	17	884,988	–
Cash and cash equivalents		5,149,325	4,570,861
Total current assets		18,305,422	16,472,740
CURRENT LIABILITIES			
Interest-bearing bank loans	18	6,125,914	5,377,765
Derivative financial instruments		184,259	215,656
Trade and notes payables	19	422,387	87,438
Other payables and accruals		3,195,660	1,999,976
Amounts due to the ultimate holding company	26	116,207	110,838
Tax payable		873,481	873,102
Total current liabilities		10,917,908	8,664,775
NET CURRENT ASSETS		7,387,514	7,807,965
TOTAL ASSETS LESS CURRENT LIABILITIES		19,055,820	19,054,298

Interim Condensed Consolidated Statement of Financial Position

(continued)

At 30 June 2009

		30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
	Notes		
TOTAL ASSETS LESS CURRENT LIABILITIES		19,055,820	19,054,298
NON-CURRENT LIABILITIES			
Interest-bearing bank loans	18	6,522,734	6,873,560
Deferred tax liabilities		653,104	622,127
Total non-current liabilities		7,175,838	7,495,687
Net assets		11,879,982	11,558,611
EQUITY			
Total equity attributable to equity holders of the parent			
Issued capital	21	161,041	160,665
Reserves	22	10,832,867	10,531,211
		10,993,908	10,691,876
Minority interests	22	886,074	866,735
Total equity		11,879,982	11,558,611

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2009

	Attributable to equity holders of the parent														
	Issued capital	Share premium account	Share Capital redemption reserve	Capital reserve	Capital reserve	Share option reserve	Share option revaluation reserve	Asset investment reserve	Available-for-sale investment revaluation reserve	Statutory reserve	Exchange fluctuation reserve	Retained profits	Total profits	Minority interests	Total equity
Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2008	161,417	4,247,673	293	66,538	45,312	39,025	3,319	759,231	997,461	3,528,535	9,848,804	1,376,144	11,224,948		
Profit for the period	-	-	-	-	-	-	-	-	-	-	293,155	293,155	44,920	338,075	
Other comprehensive income (loss)	-	-	-	-	-	2,019	(4,097)	-	805,240	-	-	803,162	63,576	866,738	
Total comprehensive income	-	-	-	-	-	2,019	(4,097)	-	805,240	-	293,155	1,096,317	108,496	1,204,813	
Redemption of shares	(1,743)	-	1,743	-	-	-	-	-	-	-	(130,322)	(130,322)	-	(130,322)	
Adjustment to prior year's final dividend	-	-	-	-	-	-	-	-	-	-	3,297	3,297	-	3,297	
Final 2007 dividend paid	-	-	-	-	-	-	-	-	-	-	(677,950)	(677,950)	-	(677,950)	
Share options exercised	991	31,027	-	-	(6,839)	-	-	-	-	-	-	25,179	-	25,179	
Share issue expense	-	(24)	-	-	-	-	-	-	-	-	-	(24)	-	(24)	
Disposal of a subsidiary	-	-	-	(24)	-	-	-	(397)	-	-	-	(421)	(509)	(930)	
Equity-settled share option expenses	20	-	-	-	29,212	-	-	-	-	-	-	29,212	-	29,212	
Share of reserves of associates	-	-	-	-	2,407	-	-	-	-	-	-	2,407	-	2,407	
Establishment of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,120
Transfer from retained profits	-	-	-	-	-	-	-	133,934	-	-	(133,934)	-	-	-	5,120
At 30 June 2008 (unaudited)	160,665	4,278,676	2,036	66,514	70,092	41,044	(778)	892,768	1,802,701	2,882,781	10,196,499	1,489,251	11,685,750		

Interim Condensed Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2009

	Attributable to equity holders of the parent													
	Notes	Issued capital	Share premium account	Capital redemption reserve	Capital reserve	Share option reserve	Share revaluation reserve	Asset investment	Available-for-sale		Total equity			
									Statutory reserve	Exchange fluctuation reserve		Retained profits	Total	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 January 2009		160,665	4,278,677	2,036	59,019	43,942	60,748	461	909,047	1,793,243	3,384,038	10,691,876	866,735	11,558,611
Profit for the period		-	-	-	-	-	-	-	-	-	521,604	521,604	90,785	612,389
Other comprehensive income/(loss)		-	-	-	-	-	(1,015)	20,593	-	1,785	-	21,363	(491)	20,872
Total comprehensive income		-	-	-	-	-	(1,015)	20,593	-	1,785	521,604	542,967	90,294	633,261
Adjustment to prior year's final dividend		-	-	-	-	-	-	-	-	-	(323)	(323)	-	(323)
Final 2008 dividend paid		-	-	-	-	-	-	-	-	-	(257,064)	(257,064)	-	(257,064)
Share options exercised	21	376	12,279	-	-	(2,878)	-	-	-	-	-	9,777	-	9,777
Share issue expense	21	-	(8)	-	-	-	-	-	-	-	-	(8)	-	(8)
Share options lapsed	20	-	-	-	-	(240)	-	-	-	-	240	-	-	-
Equity-settled share option expenses	20	-	-	-	-	4,919	-	-	-	-	-	4,919	-	4,919
Transfer from a subsidiary to a jointly-controlled entity		-	-	-	-	-	-	-	-	-	-	-	(55,576)	(55,576)
Share of reserves of associates		-	-	-	-	1,764	-	-	-	-	-	1,764	-	1,764
Dividends paid to minority shareholders		-	-	-	-	-	-	-	-	-	-	-	(15,379)	(15,379)
Transfer from retained profits		-	-	-	-	-	-	118,984	-	-	(118,984)	-	-	-
At 30 June 2009 (unaudited)		161,041	4,290,948*	2,036*	59,019*	47,507*	59,733*	21,054*	1,028,031*	1,795,028*	3,529,511*	10,993,908	886,074	11,879,982

* These reserve accounts comprise the consolidated reserves of HK\$10,832,867,000 (31 December 2008: HK\$10,531,211,000) in the interim condensed consolidated balance sheet.

Interim Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2009

	For the six months ended 30 June	
	2009	2008
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
CASH INFLOW FROM OPERATING ACTIVITIES	1,671,976	462,054
CASH OUTFLOW FROM INVESTING ACTIVITIES	(924,332)	(1,668,443)
CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	(169,180)	838,078
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	578,464	(368,311)
Cash and cash equivalents at beginning of period	4,570,861	4,689,828
CASH AND CASH EQUIVALENTS AT END OF PERIOD	5,149,325	4,321,517

Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

1. Basis of Preparation

The unaudited interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2008.

2. Impact of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and interpretations)

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2008, except for the adoption of the new standards and interpretations as noted below.

HKAS 1 (Revised)	<i>Presentation of Financial Statements</i>
HKAS 23 (Revised)	<i>Borrowing Costs</i>
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 <i>Financial Instruments</i> : <i>Presentation</i> and HKAS 1 <i>Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation</i>

2. Impact of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and interpretations) (continued)

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of HKFRSs</i> and HKAS 27 <i>Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>
HKFRS 2 Amendments	Amendments to HKFRS 2 <i>Share-based Payment – Vesting Conditions and Cancellations</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial instruments: Disclosure – Improving Disclosures about Financial Instruments</i>
HKFRS 8	<i>Operating Segments</i>
HK(IFRIC)-Int 9 and HKAS39 Amendments	Amendments to HK(IFRIC) – Int 9 <i>Reassessment of Embedded Derivatives</i> and HKAS 39 <i>Financial Instruments: Recognition and Measurement – Embedded Derivatives</i>
HK(IFRIC)-Int 13	<i>Customer Loyalty Programmes</i>
HK(IFRIC)-Int 15	<i>Agreements for the Construction of Real Estate</i>
HK(IFRIC)-Int 16	<i>Hedges of a Net Investment in a Foreign Operation</i>

2. **Impact of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and interpretations)** (continued)

The adoption of the above new standards and interpretations has had no material effect on the accounting policies of the Group and the methods of computation in the interim condensed consolidated financial statements except for the impact as described below.

HKFRS 8 requires disclosure of the information about the Group’s operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. Adoption of this Standard did not have any effect on the financial position or performance of the Group. The Group determined that the operating segments were the same as the business segments previously identified under the HKAS 14 Segment Reporting. Additional disclosures about each of these segments are shown in Note 3, including revised comparative information.

HKAS 1 (Revised) separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of recognized income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements.

3. **Segment Information**

For management purpose, the Group is organised into business units based on their products and services, and has six reportable operating segments as follows:

- (a) the property development segment engages in the development of residential, industrial and commercial properties;
- (b) the property investment segment invests in residential, industrial and commercial properties for their rental income potential;

3. Segment Information (continued)

- (c) the property management segment engages in the management of both properties developed by the Group and external parties;
- (d) the transportation services segment consists of the provision of passenger and freight transportation services, automobile maintenance, cargo services and other related services;
- (e) the manufacturing segment engages in the manufacture and sale of industrial and commercial products; and
- (f) the “others” segment comprises, principally, the manufacture and sale of aluminum alloys and other businesses.

In 2008, there was also a reportable operating segment named the infrastructure investment segment which engaged in the investments in infrastructure projects of toll roads and it was disposed of in 2008.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Group financing (including finance costs and finance revenue) and income taxes are managed on a group basis and are not allocated to the operating segments.

Transfer prices between operating segments are determined on an arm’s length basis which is similar to the price determination for transactions with third parties.

3. Segment Information (continued)

For the six months ended 30 June 2009 (Unaudited)	Property development HK\$'000	Property investment HK\$'000	Property management HK\$'000	Transportation services HK\$'000	Manufacturing HK\$'000	Others HK\$'000	Adjustments	Total HK\$'000
							and Eliminations HK\$'000	
Segment revenue:								
Sales to customers	1,127,353	181,615	327,073	115,451	92,945	128,964	-	1,973,401
Inter segment sales	-	-	2,392	-	-	4,362	(6,754)*	-
	1,127,353	181,615	329,465	115,451	92,945	133,326	(6,754)	1,973,401
Segment results before increase in fair value of investment properties	302,719	174,771	13,285	28,934	1,786	55,811	-	577,306
Increase in fair value of investment properties	-	132,696	-	-	-	-	-	132,696
Segment results after increase in fair value of investment properties	302,719	307,467	13,285	28,934	1,786	55,811	-	710,002
Profit before tax	302,719	307,467	13,285	28,934	1,786	55,811	49,525**	759,527
Tax								(147,138)
Profit for the period								612,389

* Inter segment sales revenues are eliminated on consolidation.

** The profit of each operating segment does not include interest income (HK\$63,223,000), gain on acquisition of an associate (HK\$13,745,000), fair value gains of finance instruments (HK\$52,275,000) and other various gains (HK\$16,050,000), share options exercised expense (HK\$4,900,000) and corporate headquarter's expense (HK\$16,801,000), finance costs (HK\$143,911,000), shares of profit of associates (HK\$69,844,000).

3. Segment Information (continued)

	Continuing operations						Discontinued operations						
	Transportation												
	Property development HK\$'000	Property investment HK\$'000	Property management HK\$'000	Transportation services (taxi and passenger business) HK\$'000	Manufacturing HK\$'000	Others HK\$'000	Adjustments HK\$'000	Total HK\$'000	Transportation services (cargo business) HK\$'000	Infrastructure investment HK\$'000	Adjustments HK\$'000	Total HK\$'000	Consolidated HK\$'000
Segment revenue:													
Sales to customers	127,716	138,144	285,104	84,739	148,384	75,070	879,757	6,837	28,685			35,522	915,279
Segment results before increase in fair value of investment properties	(30,975)	112,970	22,327	15,643	6,635	6,159	132,759	367	11,431			11,798	144,557
Increase in fair value of investment properties	-	447,917	-	-	-	-	447,917	-	-			-	447,917
Segment results after increase in fair value of investment properties	(30,975)	560,887	22,327	15,643	6,635	6,159	580,676	367	11,431			11,798	592,474
Profit before tax	(30,975)	560,887	22,327	15,643	6,635	6,159	478,407	367	11,431			(37,385)**	452,020
Tax							(114,659)					(86)	(114,745)
Profit for the period							363,748					(25,673)	338,075

* The profit of each operating segment does not include interest income (HK\$68,795,000), dividend income (HK\$6,000,000) and other various gains (HK\$35,794,000), fair value loss of the finance instruments (HK\$214,128,000), share options exercised expense (HK\$29,212,000), corporate headquarter's expense (HK\$42,685,000) and other various expense (HK\$11,822,000), finance costs (HK\$97,407,000), shares of profit of associates (HK\$182,396,000).

** The profit of each operating segment does not include interest income (HK\$5,083,000), disposal gain of subsidiaries (HK\$20,174,000), finance costs (HK\$62,642,000).

4. Other Income and Gains

	For the six months ended 30 June	
	2009	2008
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Interest income	63,223	68,795
Rental income	346	1,162
Gain on disposal of available-for-sale investments	–	9,031
Others	35,684	57,564
	99,253	136,552

5. Finance Costs

	For the six months ended 30 June	
	2009	2008
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Interest on:		
Bank loans	230,930	290,372
Other loans	16,757	–
Other finance costs	42,679	–
Less: Amounts capitalised under properties development projects	(146,455)	(192,965)
	143,911	97,407

6. Profit before Tax

Profit before tax was determined after charging/(crediting) the following:

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation	38,346	49,034
Amortisation of intangible assets	2,971	3,606
Dividend income from financial assets at fair value through profit or loss	–	(9,915)
Loss on disposal of items of investment properties	250	6,001
Gain on disposal of items of property, plant and equipment, net	(6,140)	(331)
Impairment/(recovery) of trade receivables	(17,053)	792

7. Tax

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the period (2008: Nil). Taxes on profits assessable in Mainland China are calculated at the rates of tax prevailing in the locations in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

Major subsidiaries of the Group operate in Shenzhen, Mainland China, which are subject to the corporate income tax rate of 20% (2008: 18%) for the year 2009, according to the new PRC Enterprise Income Tax Law which became effective on 1 January 2008.

7. Tax (continued)

PRC land appreciation tax (“LAT”) is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures. LAT of HK\$58,796,000 was charged to the condensed consolidated income statement for the six months ended 30 June 2009 (six months ended 30 June 2008: HK\$5,007,000).

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current – Mainland China corporate income tax	108,065	53,593
Current – Withholding tax on dividend	34,873	–
Current – LAT in Mainland China	58,796	5,007
Deferred – Mainland China corporate income tax	9,948	56,961
Deferred – Withholding tax on dividend	(16,936)	–
Deferred – LAT in Mainland China	(47,608)	(902)
Total tax charge for the period	147,138	114,659

The share of tax attributable to associates of approximately HK\$176,008,000 (six months ended 30 June 2008: HK\$124,150,000) is included in “Share of profits and losses of associates” on the face of the interim condensed consolidated income statement.

8. Discontinued Operations

In December 2008, the Group drew back its disposal plans of Shum Yip Shumkang (Group) Company Limited and its subsidiaries (“Shum Yip Shumkang”) and Shenzhen PJLD Securities Products Co., Ltd., Shenzhen Shum Yip Steel Centre Ltd. and Shenzhen Jinghua LCD Ltd. (subsidiaries of the Group engaged in manufacturing, collectively referred to as the “Manufacturing Group”). Consequently, the Group ceased to reclassify Shum Yip Shumkang and the Manufacturing Group as disposal groups held for sale at the balance sheet date.

According to HKFRS 5, if an entity ceases to classify a component of an entity as held for sale, the results of operations of the component previously presented in discontinued operations in accordance with HKFRS 5 shall be reclassified and included in income from continuing operations for all periods presented. Accordingly, the Group has reclassified the results of operations for prior periods.

On 5 March 2008, the Group entered into a sale and purchase agreement to dispose of its remaining 51% interests in Hubei Shumyip Huayin Traffic Development Co., Ltd. (“Huayin Traffic”) to the ultimate holding company of the Group. Huayin Traffic holds 91% interest in Hubei Jingdong Expressway Construction and Development Company Limited (“Jingdong Company”), which engages in the construction and operation of the Jingdong Expressway in Hubei Province, Mainland China. The disposal of Huayin Traffic was completed in 2008.

On 18 December 2007, the Group entered into an agreement with Shum Yip Holdings Co., Ltd. (“Shum Yip Holdings”), the intermediate holding company of the Group, to dispose of the investment in Shum Yip Transportation Co., Ltd. (深業運輸有限公司) (“Shum Yip Transportation”). Shum Yip Transportation mainly engages in leasing operation licences to container truck owners and investment holding. The disposal of Shum Yip Transportation was completed in 2008.

8. Discontinued Operations (continued)

The results of the discontinued operations and net cash flows from the discontinued operations for the period are presented below:

	Infrastructure		Transportation		Total	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Revenue	-	28,685	-	6,837	-	35,522
Cost of sales	-	(13,628)	-	(5,318)	-	(18,946)
Other income and gains	-	41	-	25,257	-	25,298
Selling and distribution costs	-	(224)	-	-	-	(224)
Administrative expenses	-	(3,407)	-	(1,153)	-	(4,560)
Other expenses	-	(35)	-	-	-	(35)
Finance costs	-	(62,374)	-	(268)	-	(62,642)
Profit/(loss) before tax from discontinued operations	-	(50,942)	-	25,355	-	(25,587)
Tax	-	-	-	(86)	-	(86)
Profit/(loss) for the period from discontinued operations	-	(50,942)	-	25,269	-	(25,673)
Operating activities	-	43,617	-	(54,932)	-	(11,315)
Investing activities	-	-	-	49,343	-	49,343
Financing activities	-	(62,374)	-	-	-	(62,374)
Net cash outflow	-	(18,757)	-	(5,589)	-	(24,346)

	For the six months ended 30 June	
	2009 (Unaudited)	2008 (Unaudited)
Loss per share:		
Basic, from the discontinued operations	-	HK(0.02) cents
Diluted, from the discontinued operations	-	HK(0.02) cents

8. Discontinued Operations (continued)

The calculations of basic and diluted loss per share amounts from the discontinued operations are based on:

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the period from discontinued operations	–	(25,673)
Results attributable to minority interests	–	24,944
Loss attributable to ordinary equity holders of the parent from the discontinued operations	–	(729)
Number of shares as at the balance sheet date	3,220,815,090	3,213,295,090
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	3,214,747,423	3,208,650,751
Weighted average number of ordinary shares used in the diluted loss per share calculation	3,216,640,840	3,235,867,468

9. Components of Other Comprehensive Income

	For the six months ended 30 June	
	2009	2008
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Available-for-sale financial investment:		
Gains arising during the period	27,457	578
Less: Reclassification adjustment for gains included in the income statement	–	(4,675)
	27,457	(4,097)

	For the six months ended 30 June	
	2009	2008
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Share of the comprehensive income of associates:		
Assets revaluation	(1,015)	2,019
Exchange differences on translation of foreign operations	12,082	147,470
	11,067	149,489

10. Earnings Per Share Attributable to Ordinary Equity Holders of the Parent

The calculation of basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the period.

The calculation of diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share amounts are based on:

	Note	For the six months ended 30 June	
		2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Earnings/loss			
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation			
From continuing operations		521,604	293,884
From discontinued operations	8	–	(729)
		521,604	293,155

10. Earnings Per Share Attributable to Ordinary Equity Holders of the Parent
(continued)

	For the six months ended 30 June	
	2009	2008
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	3,214,747,423	3,208,650,751
Effect of dilution – weighted average number of ordinary shares:		
Share options	1,893,417	27,216,717
	3,216,640,840	3,235,867,468

11. Dividend Paid and Proposed

	For the six months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Dividends on ordinary shares declared and paid during the six-month period: Final dividend for 2008: HK8.00 cents (2007: HK21.00 cents)	257,387	674,653
Dividends on ordinary shares proposed for approval (not recognised as a liability as at 30 June) First dividend for 2009: HK5.00 cents (2008: HK3.00 cents)	161,041	96,399

11. Dividend Paid and Proposed (continued)

The 2009 interim dividend was resolved by the board of directors on 9 September 2009.

12. Property, Plant and Equipment

During the six months ended 30 June 2009, the Group acquired assets with a cost of HK\$17,225,000 (six months ended 30 June 2008: HK\$96,925,000) as additions to property, plant and equipment.

Assets with a net book value of HK\$11,642,000 were disposed of by the Group during the six months ended 30 June 2009 (six months ended 30 June 2008: HK\$22,012,000), resulting in a net gain on disposal of HK\$6,140,000 (six months ended 30 June 2008: HK\$331,000).

13. Interests in Jointly-controlled Entities

As at 30 June 2009, the Group had interests in the following principal jointly-controlled entity:

Name of jointly-controlled entity	Nominal value of registered capital	Place of registration and operations	Percentage of the nominal value of registered capital		Group's percentage of voting power and profit sharing		Principal activities
			2009	2008	2009	2008	
Taizhou Shum Yip Investment Development Limited ("Taizhou Shum Yip")	RMB100,000,000	PRC	51%	51%	50%/51%	51%/51%	Provision of land development service

The Group holds more than half of the registered capital of Taizhou Shum Yip. The Group controlled more than half of the voting power in general meeting of Taizhou Shum Yip and it was accounted for as a subsidiary of the Group for the year of 2008. During the current period, under the amended shareholders' agreement, Taizhou Shum Yip was jointly controlled by the Group and another significant shareholder. Therefore, Taizhou Shum Yip was classified as a jointly-controlled entity of the Group in the current period.

13. Interests in Jointly-controlled Entities (continued)

The Group is entitled to share the operating result, assets and liabilities of this jointly controlled entity based on the Group's ownership interest.

The summarised financial information in respect of the Group's interests in jointly-controlled entities which are accounted for using proportionate consolidation with the line-by-line reporting format is as follows:

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Non-current assets	706	761
Current assets	476,430	225,161
Current liabilities	(262,921)	(168,142)
Non-current liabilities	(115,729)	–
Net assets	98,486	57,580

	For the six months ended 30 June 2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Income	54,272	167
Expense	(703)	(430)
Tax	(12,675)	–
Profit for the period	40,894	(263)

14. Interests in Associates

Particulars of the principal associates are as follows:

Name of associates	Business structure	Place of establishment/ incorporation and operations	Nominal value of issued and fully paid-up capital/ registered capital	Percentage of ownership interest attributable to the Group		Principal activities
				2009 %	2008 %	
Road King Infrastructure Limited ("Road King") **	Corporate	Bermuda	HK\$73,893,000	27.38	27.38	Investment and management of toll roads and property development
Shenzhen Tianan Cyber Park Co., Ltd.	Corporate	PRC	US\$18,000,000	37.53	37.53	Property investment and development
Coastal Greenland Limited *	Corporate	Bermuda	HK\$279,058,000	22.62	22.62	Property development and investment
ShenYang Wuai Shumkang Company Limited ("Wuai")	Corporate	PRC	RMB400,000,000	46.925	28.80	Property development and investment and transportation station management

* Coastal Greenland is a limited liability company incorporated in Bermuda and the ordinary shares with a nominal value of HK\$0.10 each are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The principal location of Coastal Greenland's business is Mainland China.

** Road King is a limited liability company incorporated in Bermuda and its ordinary shares with a nominal value of HK\$0.10 each are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

During 2007, Road King, through its 88.46% owned subsidiary, acquired the entire equity interests in two companies established in the People's Republic of China ("PRC") (collectively referred to as the "Investee Companies") at a consideration of RMB563,180,000 (equivalent to HK\$638,526,000).

14. Interests in Associates (continued)

After completion of the acquisition in July 2007, Road King was not able to obtain effective control over the Investee Companies. Despite the fact that the boards of directors of the Investee Companies were appointed by Road King as the former management of the Investee Companies have not yet allowed the representatives of Road King to access the office of the Investee Companies, and have not yet received the official seals, the books and records as well as other relevant documents of the Investee Companies. Without such access to the official seals and books and records, Road King has not yet effectively obtained control of the Investee Companies.

Road King commenced legal proceedings in the Tianjin Nankai District People's Court in October 2007 to enforce its rights and to assume effective control over the Investee Companies. However, the legal proceedings against the former management of the Investee Companies were temporarily suspended in 2008 on the basis that unspecified facts which related to those proceedings may overlap with unspecified matters under investigation by the Tianjin authorities.

In January 2009, Road King received a notice advising that an investigation on a criminal accusation by the Tianjin authorities was officially dismissed. In addition to the legal proceedings as mentioned above, with the assistance provided by the Tianjin municipal government, Road King is now gradually resolving the legacy problems of the Investee companies in Tianjin with a view to eventually obtain over the Investee companies. On 24 August 2009, Road King has received the official seals of the Investee Companies and was in the process of collecting and examining the books and records of the Investee Companies. In the opinion of the directors of Road King, Road King has not obtained control over the Investee Companies as at 30 June 2009. Road King will continue its best endeavours to obtain effective control over the Investee Companies.

14. Interests in Associates (continued)

As Road King does not have control, and is not in a position to exercise significant influence, over the operation and financing policies of the Investee Companies, the Investee Companies are not currently considered to be subsidiaries or associates of Road King and therefore they are accounted for as available-for-sale financial assets. Accordingly, the financial statements of the Investee Companies have not been consolidated into the Road King's condensed consolidated financial statements. The investment in the Investee Companies, amounting to HK\$638,526,000 as at 30 June 2009 (31 December 2008: HK\$632,787,000) (the amount attributable to the Group: HK\$174,828,000 (31 December 2008: HK\$173,257,000)), have been recorded at cost less impairment because the investments are unquoted equity shares whose range of reasonable fair value estimates is so significant that the Directors of Road King are of the opinion that the fair value cannot be measured reliably.

During the period ended 30 June 2009, Road King has made various payments on behalf of the Investee Companies including the settlement of the Investee Companies' bank loans of RMB300 million, accrued interest on bank loans, construction costs and other expenses, totaling HK\$446,086,000 (the amount attributable to the Group: HK\$122,139,000). These payments are considered as loans and advances to the Investee Companies and based on the advice from Road King's PRC legal counsel, Road King has the right to recover the amounts due from the Investee Companies.

14. Interests in Associates (continued)

Based on the impairment review on the investments in, and loans and advances to, the Investment Companies, in the opinion of the Directors of Road King, no impairment on the carrying amounts in relation to the Investee Companies is considered necessary. However, as the timing and the eventual outcome of the court proceedings or the satisfactory resolutions of the legacy problems of the Investee Companies cannot presently be determined with certainty, there exist uncertainties that Road King may be unable to obtain effective control over the Investee Companies or otherwise realise the underlying properties of the Investee Companies, thereby impacting the recoverability of Road King's available-for-sale financial assets amounting to HK\$1,084,612,000 (the amount attributable to the Group: HK\$296,967,000) as at 30 June 2009.

15. Other Long Term Assets

As at 30 June 2009, the balances mainly represented advances paid to certain independent third parties and certain local government authorities for land acquisition, resettlement and site formation.

16. Trade Receivables

Under normal circumstances, the Group does not grant any credit terms to its customers. The Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

16. Trade Receivables (continued)

An aged analysis of the trade receivables as at the balance sheet date, based on the contract date, is as follows:

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Within one year	492,589	657,230
One to two years	37,349	46,024
Two to three years	3,905	1,877
Total	533,843	705,131

17. Pledged Bank Deposits

As at 30 June 2009, bank balances of HK\$885 million (31 December 2008: Nil) were pledged as securities in favour of banks for short-term credit facilities (note 18) and notes payables (note 19) granted to the Group.

18. Interest-bearing Bank Loans

	Effective interest rate (%)	Maturity	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Current				
Secured	2.8-6.21	2009-2010	568,813	22,716
Unsecured	4.05-8.316 HIBOR+0.42- HIBOR+0.8	2009-2010	5,557,101	5,355,049
			6,125,914	5,377,765
Non-current				
Secured	4.5-6.21	2010-2012	351,474	159,012
Unsecured	4.86-5.94 LIBOR+0.48- LIBOR+0.7 HIBOR+0.42- HIBOR+0.7	2010-2013	6,171,260	6,714,548
			6,522,734	6,873,560
			12,648,648	12,251,325

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Analysed into:		
Bank loans repayable:		
Within one year	6,125,914	5,377,765
In the second year	2,359,697	2,086,264
In the third to fifth years, inclusive	4,163,037	4,787,296
	12,648,648	12,251,325

18. Interest-bearing Bank Loans (continued)

- (a) Bank loans amounting to HK\$920,287,000 (31 December 2008: HK\$181,728,000) were secured by:
- (i) certain of the Group's properties under development with a net book value of approximately HK\$685,947,000 as at 30 June 2009 (31 December 2008: HK\$380,360,000);
 - (ii) certain of the Group's bank deposits of approximately HK\$544,608,000 as at 30 June 2009 (31 December 2008: Nil); and
 - (iii) certain of the Group's vehicle licences with a net book value of approximately HK\$53,430,000 as at 30 June 2009 (31 December 2008: HK\$2,986,000).
- (b) Except for the bank loans equivalent to approximately HK\$3,753,024,000 (31 December 2008: HK\$3,752,782,000) and HK\$1,450,000,000 (31 December 2008: HK\$1,450,000,000), which are denominated in United States dollars and Hong Kong dollars, respectively, all borrowings are in Renminbi.

19. Trade and Notes Payables

An aged analysis of the trade and notes payables as at the balance sheet date, based on the payment due date, is as follows:

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Within one year	379,044	32,944
One to two years	1,807	12,270
Two to three years	2,669	2,923
Over three years	38,867	39,301
	422,387	87,438

Notes payables amounting to HK\$340,380,000 (31 December 2008: Nil) were secured by certain of the Group's bank deposits of HK\$340,380,000 (31 December 2008: Nil).

20. Share Option Scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include any employee or director (including executive, non-executive and independent non-executive director) of any member of the Group, or any employee, partner or director of any business consultant, joint venture partner, financial adviser and legal adviser of and to any member of the Group, as absolutely determined by the board of directors. The Scheme became effective on 5 June 2002 and, unless otherwise cancelled or amended, shall be valid and effective for a period of 10 years from that date, after which period no further options will be issued but in all other respects the provisions of the Scheme shall remain in full force and effect. The remaining life of the Scheme as at 30 June 2009 was three years.

20. Share Option Scheme (continued)

The period under which an option may be exercised will be determined by the board of directors at their absolute discretion and notified by the directors to each grantee as being the period during which an option may be exercised, and shall expire no later than 10th anniversary of the date upon which the option is granted and accepted in accordance with the Scheme. Unless otherwise determined by the board and specified in the offer letter at the time of the offer, there is no minimum period for which an option must be held before the option can be exercised.

During the period from 1 January 2009 and up to the date of this report, (i) the Company has granted no share options; (ii) the options to subscribe for 14,540,000 shares have been exercised; and (iii) options to subscribe for 670,000 shares have lapsed. As at the date of this report, options carrying rights to subscribe for 70,713,000 shares remain outstanding and yet to be exercised.

The Group recognised a share option expense of HK\$4,918,721 (six months ended 30 June 2008: HK\$29,212,000) during the six months ended 30 June 2009.

21. Share Capital

A summary of the transactions during the period is as follows:

	Number of shares in issue	Issued capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
At 31 December 2008 and 1 January 2009	3,213,295,090	160,665	4,278,677	4,439,342
Share options exercised (a)	7,520,000	376	12,279	12,655
	3,220,815,090	161,041	4,290,956	4,451,997
Share issue expenses	–	–	(8)	(8)
At 30 June 2009	3,220,815,090	161,041	4,290,948	4,451,989

- (a) The subscription rights attaching to 7,520,000 share options were exercised at the subscription price ranging from HK\$1.088 to HK\$1.330 per share, resulting in the issue of 7,520,000 shares of HK\$0.05 each for a total cash consideration, before expenses, of HK\$9,776,540.

22. Reserves

The amounts of the Group's reserves and the movements therein for the current period are presented in the interim condensed consolidated statement of changes in equity on pages 7 to 8 of the financial statements.

23. Acquisition of Additional Interest in An Associate

During 2004, the Group through its 80%-owned subsidiary, Shum Yip Shumkang, held 36% equity interest over ShenYang Wuai Shumkang Company Limited (“Wuai”) and accordingly, Wuai was accounted for as an associate of the Group with an effective interest of 28.80%. Wuai was principally engaged in property development, property investment and transportation station management in Shenyang city, the PRC.

In order to obtain sufficient operating capital for the need of Wuai’s property development projects, on 13 January 2009, Shum Yip Investment (Shenzhen) Co., Ltd. (“Shum Yip Shenzhen”), a wholly-owned subsidiary of the Group, entered into an acquisition agreement with the existing shareholders of Wuai (the “Agreement”). Pursuant to the Agreement, the shareholders of Wuai agreed to increase the registered capital of Wuai from preceding RMB200 million to RMB400 million by the addition of RMB200 million (equivalent to approximately HK\$227 million). Shum Yip Shenzhen agreed to subscribe 18.125% of the total registered capital by a cash injection of RMB85 million (equivalent to approximately HK\$97 million, in which the RMB12.5 million was treated as capital reserve of Wuai) and Shum Yip Shumkang agreed to subscribe additional capital by a cash injection of RMB84.5 (equivalent to approximately HK\$96 million, in which the RMB12.5 million was treated as capital reserve of Wuai). The considerations were arrived at with reference to the valuation of Wuai as at 31 May 2008 carried out by LiaoNing Hengxinde Asset Appraisal Limited, a PRC independent valuer.

23. Acquisition of Additional Interest in An Associate (continued)

The acquisition was completed on 31 May 2009 and the purchase consideration for the acquisition of additional 18.125% interest by the amount of HK\$96,598,000 was fully paid up to 31 May 2009. Management has appointed Great China Appraisal Company Limited ("GCA"), a Hong Kong independent valuer, to perform valuation for Wuai, as at the acquisition date of 31 May 2009. A gain on this acquisition of approximately HK\$14 million is recorded by the Group in the condensed consolidated financial statements as at 30 June 2009. Upon the subscription of the new placed registered capital, the Group's effective interest in Wuai increased from 28.80% to 46.925%. According to the articles of association of Wuai, the Group could not control the financial and operating policies of Wuai and consequently, Wuai was still accounted for as an associate of the Group upon the completion of the acquisition.

24. Capital Commitments

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Commitments in respect of acquisition of land and buildings, and development costs attributable to properties under development:		
Contracted, but not provided for	2,142,958	2,106,919
Authorised, but not contracted for	292,591	320,837

25. **Contingent Liabilities**

- (i) At 30 June 2009, the Group has given guarantees to a maximum extent of approximately HK\$1,333,301,000 (31 December 2008: HK\$1,275,481,000) to banks for housing loans extended by the banks to the purchasers of the Group's properties.

Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal titles of the related properties. The Group's guarantee period commences from the dates of grant of the relevant mortgage loans and ends after the buyers have obtained the individual property ownership certificates or up to a maximum of two years after the full repayment of the mortgaged loans by the purchasers of the Group's properties.

The directors consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage loans together with any accrued interest and penalty and therefore no provision has been made in connection with the guarantees.

(ii) ***Pending litigation***

A statement of claim dated 27 August 2002 was issued by Fancheng Property Development Co., Limited (the "Plaintiff") as the plaintiff against Shum Yip Group (Shenzhen) Co., Ltd. ("Shum Yip Shenzhen", renamed as Shum Yip Southern Land (Holdings) Co., Ltd. in the year of 2007), a wholly-owned subsidiary of the Company as the first defendant and Yaoheng Development Co., Ltd. as the second defendant in a civil claim at the court in Mainland China.

25. **Contingent Liabilities** (continued)

(ii) *Pending litigation* (continued)

The Plaintiff claimed against Shum Yip Shenzhen for, inter alia, damages suffered by the Plaintiff as a result of the breach by Shum Yip Shenzhen of the terms of a cooperation agreement entered into between the Plaintiff and Shum Yip Shenzhen dated 8 July 1991, which include (i) Shum Yip Shenzhen's deliberate register of the properties named Shenfa Garden under the name of Shum Yip Shenzhen and its refusal to give the properties to the Plaintiff and (ii) Shum Yip Shenzhen's appropriation of the Plaintiff's sales proceeds to compensate the individual owners and the construction party of Shenfa Garden while keeping the income in relation to certain car parks and the kindergarten situated within the area of Shenfa Garden. The Plaintiff claimed a total compensation of approximately RMB170 million against Shum Yip Shenzhen. Shum Yip Shenzhen lodged a defence and a counter-claim for compensation of RMB1.3 million against the Plaintiff on 22 October 2002. This case was heard in court on 26 March 2003 and 5 November 2004, the arbitration process is complicated and time-consuming.

On 4 January 2008, the Plaintiff and Shum Yip Shenzhen entered into an Amicable Settlement Agreement, pursuant to which the Plaintiff agreed to partially waive the claim mentioned above. On 4 August 2009, the High Court of GuangDong province arbitrated the partial waiver of the claim.

This case was heard in court on 1 September 2009 and the remaining claim of RMB40,000,000 (equivalent to approximately HK\$45,384,000) was still subject to final judgement of the court.

25. Contingent Liabilities (continued)

(ii) Pending litigation (continued)

As advised by Hong Kong lawyers, pursuant to a deed (the “Deed”) entered into on 12 February 1997 by Shum Yip Holdings Company Limited (“Shum Yip Holdings”, the immediate holding company) as covenanter in favour of the Company as covenantee in connection with the listing of the Company, the Company could be able to claim indemnity from Shum Yip Holdings if the Plaintiff and/or the applicant is successful in its claim against Shum Yip Shenzhen on the grounds that Shum Yip Shenzhen had materially breached the cooperation agreement, and the circumstances which gave rise to the above litigation were already in existence at the time of execution of the Deed.

26. Related Party Transactions

(a) Transactions with related parties

		For the six months ended 30 June	
		2009	2008
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
Transactions with Shum Yip Holdings, the intermediate holding company:			
– Rental expenses paid	(i)	2,483	2,471
– Dispose of a subsidiary	(ii)	–	49,343

26. Related Party Transactions (continued)

(a) *Transactions with related parties* (continued)

Notes:

- (i) The rentals were determined by the directors with reference to the market prices of similar transactions.
- (ii) During the last period, the Group disposed of a subsidiary, Shum Yip Transportation Company Limited, to Shum Yip Holdings, the intermediate holding company, at the consideration of RMB43,371,116 (equivalent to approximately HK\$49,343,000), based on the valuation of the total assets and liabilities performed by an independent valuer.

(b) *Outstanding balances with related parties:*

As disclosed in the interim condensed consolidated statement of financial position, the Group had payable amounting to HK\$116,206,814 (2008: HK\$110,837,583) to 深業集團有限公司, the ultimate holding company. The payable are unsecured, interest-free and have no fixed terms of repayment.

(c) *Compensation of key management personnel of the Group*

	For the six months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Short-term employee benefits	1,594	4,423
Share-based payments	–	17,577
Total compensation paid to key management personnel	1,594	22,000

27. Post Balance Sheet Event

On 4 August 2009, Shum Yip Holdings, the immediate holding company, the Company and Goldman Sachs (Asia) L.L.C. (“Placing Agent”) entered into the Placing Agreement, pursuant to which Shum Yip Holdings has agreed to sell, or procure the sale of, and the Placing Agent has agreed as agent of Shum Yip Holdings to procure places to purchase, or failing which itself as principal on a fully underwritten basis to purchase 300,000,000 existing shares (“Placing Share”) of the Company at the placing price of HK\$3.72 per Placing Share.

On 4 August 2009, Shum Yip Holdings and the Company entered into the Subscription agreement, pursuant to which Shum Yip Holdings has conditionally agreed to subscribe, and the Company has conditionally agreed to allot and issue to Shum Yip Holdings, 300,000,000 new Shares (“Subscription Shares”) at the placing price per Subscription Share.

The placing and subscription was completed on 13 August 2009. Upon the completion of the placing and subscription, the number of the shares of the Company increased from 3,226,495,000 to 3,526,495,000 and the shareholding of Shum Yip Holdings decreased from 47.2% to 43.2%. The gross proceeds from the subscription are approximately HK\$1,116 million. The net proceeds from the subscription (after deduction of commission and expenses of the placing) are approximately HK\$1,098 million.

28. Comparative Amounts

The comparative condensed consolidated income statement has been re-presented as if the operations ceased to be classified as discontinued operations had been classified as continuing operations at the beginning of the comparative period (note 8).

29. Approval of Interim Condensed Consolidated Financial Statements

These interim condensed consolidated financial statements were approved and authorised for issue by the board of directors of the Company on 9 September 2009.

Report on Review of Interim Financial Information

To the Board of Directors

Shenzhen Investment Limited

(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 2 to 44 which comprises the condensed consolidated statement of financial position of Shenzhen Investment Limited as at 30 June 2009 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants.

The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Report on Review of Interim Financial Information (continued)

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Without qualifying our review conclusion, we draw attention to note 14 to the interim financial information, which describes the significant uncertainties which may affect the recoverability of the carrying amounts of the available-for-sale financial assets of one of the Group’s associates (the “Associate”). No impairment has been recognised in respect of the available-for-sale financial assets in the interim financial information of the Associate.

Ernst & Young

Certified Public Accountants

18/F, Two International Finance Centre

8 Finance Street, Central

Hong Kong

9 September 2009

Management Discussion and Analysis

Business review

In the first half of 2009, the Group achieved sales revenue of HK\$1,973.4 million in its continuing operations, 124% above the same period of last year. Pre-tax profit amounted to HK\$759.5 million, increase by 59% from the same period of last year. Net profit attributable to shareholders was HK\$521.6 million, up by 78% from a year earlier. Basic earnings per share was HK16.23 cents, increase by 78% from the same period of last year and diluted earnings per share was HK16.22 cents, 79% above the same period of last year.

If excluding the net effect of changes in fair value of financial assets and liabilities, investment properties and its respective deferred taxation, net profit attributable to shareholders from continuing operations for the period was HK\$381.8 million, an increase of 71% from a year earlier.

Property development

During the period, the Group completed 87,000 square meters in its property development business (excluding the interests attributable to the Group in its three associated companies). 19 projects are planned to be sold for the whole year, of which the move-in and completed schedule of most of the projects are concentrated in the second half year. Hence, in the period concerned, sales income of property amounted to HK\$1,127.4 million (net of business tax) were come from the current period's pre-sale area of our 5 projects and those sold but uncompleted projects in last year under our subsidiaries, an increase of 783% from a year earlier.

At end of August 2009, the Group had 13 projects at their pre-sale stage. Apart from the sales income recognised, contracted but not booked sales amounted to approximately HK\$2,113.0 million, of which most of the pre-sold income will be booked in the second half of 2009.

Management Discussion and Analysis (continued)

Property under construction and land reserves

In the period under review, the Group had 14 property projects under construction, with a total gross floor area of approximately 1.3 million square meters. These projects were progressing smoothly. At present, the Group has gross land reserves of 12 million square meters (in gross floor area), with attributable gross floor area of 10.55 million square meters (excluding the interests attributable to the Group in its three associated companies). In the period under review, the Group did not acquire any land reserve. However, we will continue to increase our land reserves through various means. The Group's current land reserves are sufficient to meet its development in the next five to six years.

Property investment

In the period, the Group's investment property continued to maintain steady growth. With a total area in investment property of approximately 600,000 square meters, it had achieved a rental income of HK\$181.6 million, increase by 15% from a year earlier. The Group recorded a revaluation gain of HK\$132.7 million in its investment property portfolio which had already been booked in the profit under the period.

Performance by associated companies

In the period under review, results performance of the Group's investments in associated companies was within our expectation. Of which, Road King Infrastructure Limited, a listed company in Hong Kong, made a net profit contribution of HK\$69.8 million to the Group, a drop of 32% from a year earlier. Coastal Greenland Limited, another listed company in Hong Kong, made a loss of HK\$37.5 million, but a net profit contribution to the Group of HK\$80.3 million from a year earlier. In the meantime, Shenzhen Tianan Cyberpark Co., Ltd. made a net profit contribution of HK\$124.1 million to the Group, an increase of 43% from a year earlier.

Management Discussion and Analysis (continued)

Financial conditions

As at 30 June 2009, the Group's cash balance (including pledged deposits) was HK\$6,034.3 million (31 December 2008: HK\$4,570.8 million), of which 93% and 7% was stated in Renminbi and other currencies (mainly in US\$ and HK\$) respectively. While Renminbi is not a freely convertible currency, however, under the Foreign Exchange Control Regulations of the PRC and the Regulations on the Administration of Foreign Exchange Settlement, Sale and Payment of the PRC, the Group had been authorized to convert Renminbi into other currencies via authorized banks that can conduct foreign exchange businesses.

At 30 June 2009, the Group's total bank loans amounted to HK\$12,648.6 million (31 December 2008: HK\$12,251.3 million), of which HK\$11,775.7 million were floating-rate loans (31 December 2008: HK\$9,508.9 million), and the rest were fixed-rate loans. Of all the loans, long-term loans amounted to HK\$6,522.7 million (31 December 2008: HK\$6,873.6 million) and short-term loans were HK\$6,125.9 million (31 December 2008: HK\$5,377.8 million).

As of 30 June 2009, the Group had net assets (after minority interests) of HK\$10,993.9 million (31 December 2008: HK\$10,691.9 million) and the ratio of net debts to net assets (after minority interests) was 60.2% (31 December 2008: 71.8%).

On 3 August 2009, the Group placed 300,000,000 new shares to global institutional investors at a price of HK\$3.72 per share. The placing was over-subscribed by institutional investors, and had raised HK\$1.1 billion for the Group. The fund is mainly used for the acquisition of land reserves and payment of outstanding land amount.

As the Group's main operating cash flow are in Renminbi, while its assets and debts are mainly stated in Renminbi and US Dollar respectively. In the short run, exchange rate movements have beneficial financial impact to the Group.

Management Discussion and Analysis (continued)

Shareholding structure

In the period under review, a total of 7,520,000 share options granted was exercised. Also in the period, the Group did not repurchase any share of the Group from open market.

As of 30 June 2009, the Group had a total number of 3,220,815,090 shares in issue (31 December 2008: 3,213,295,090 shares).

Staff headcount and remuneration

As of 30 June 2009, the Group had a total staff number of 13,394, of which 32 were stationed in Hong Kong (mainly managerial and finance-related personnel), and the rest were in China.

The Group's staff remuneration is based on individual performance, professional qualifications, industry experience and labour market trends. The management of the Group reviews regularly its compensation policies and the performance of its employees.

Staff compensation includes salaries, allowances, medical insurance and mandatory retirement benefits. The Group also issues bonuses and grants share options, according to the Share Option Scheme of the Group, to employees based on individual performance as well as the Group's overall performance.

Business outlook

Since the second quarter of 2009, after experiencing the unprecedented financial crisis of the century, the global economy begins to show signs of stability and recovery. Driven by the economic stimulating policies, the macro-economy in China has also shown signs of recovery. However, we believe that the recovery towards full economic growth will still takes time as the foundation of real economic recovery is still unstable.

Management Discussion and Analysis (continued)

Business outlook (continued)

Driven by the stimulating measures in property sector, amicable monetary policy and the bursting out of the suppressed strong demand, the property sector in China started to rebound in late 2008. Investment demand started to pick up gradually in the second quarter. Property sales in China have shown signs of recovery in volume and pricing, which is particularly significant in the first line cities. With real economic environment still unstable, entwined with sufficient market liquidity and strong expectation in inflation, adjustment of property sector in China remains possible but we do not expect any drastic adverse change in policy in the short-run. With the continuing optimistic outlook of the macro-economy in China, stable increase in resident income, speedy development of urbanization in all provinces, the Group still remains optimistic in the medium and long term development of China property sector.

It is without any doubt that the aforesaid recovery growth is partly the result from the unexpected amicable monetary policy, which has also led to the speedy surge in property price in certain core cities including Shenzhen. Recently, there is a drop in transaction volume in major cities. According to the statistics, the drop in transaction volume is affected by the temporary shortage in supply and was also due the over-increase of property price that deterred the strong demand as well as the policy of tightening up the second housing mortgage that impeded the investment demand. We believe the aforesaid short-term adjustment will be beneficial to the healthy development of the property sector.

The Group expects the transaction volume of the property market in China will become more stable in the second half of 2009 with moderate price increase. With the gradual increase in land supply by the government, property developers will continue to commence and complete the construction of new property projects, whereby the supply and demand of property market shall be balanced in 2010. We hope and believe that the property sector in China will remain stable and maintains a healthy growth in the long run.

Management Discussion and Analysis (continued)

Business outlook (continued)

The Group plans to endeavor more efforts in property sales in the second half of 2009, these properties are mainly medium to high end residential and office premises, including Red Pine Mansion, Purple Kylin, Royal Spring Villas and Nanhu Rose Bay Phase II. According to the research on potential buyers for the above ready-to-sell projects, the response is very encouraging. The Group has already adjusted our annual sales target from RMB3.8 billion to RMB4.5 billion. The Company is full of confidence in achieving this target.

To maintain our stable development, the Group shall continue to expand its land reserves through various means. At the date of this announcement, the attributable land reserves of the Group (in gross floor area) is 10.55 million square meters, of which no land was being acquired in the first half year. Currently, the financial position of the Group is healthy with sufficient cash flow and our gearing ratio is at reasonable level. The Group will fully leverage our major shareholder's government background in pursuing opportunities aggressively and to increase our land reserves in core cities, particularly in the Pearl River Delta region. We also have plans to restructure our existing land sites in Shenzhen as well as our investment property resources, with the purpose of maintaining our leading market position in Shenzhen and major cities of Pearl River Delta.

Pearl River Delta, particularly Shenzhen, is the only region that has just gone through and experienced the complete adjustment process in property sector. This region is economically prosperous with strong purchasing and spending powers. As a leading regional domestic developer, we have full confidence in the future prospect of the property sector in that region.

The Group will continue to enhance our operation capabilities and to improve product structure using the market-oriented approach. We shall strengthen our cost control measures, focus on brand name establishment, fully leverage on development of the brand value of "Shum Yip Property" for enhancing the overall image of the Group. The Group will continue to co-operate with our major shareholder and will strive to explore the valuable resources within the regions in Shenzhen and Pearl River Delta, thus creating greater value for our shareholders.

Directors' Interests in Shares

As at 30 June 2009, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:–

Long positions in the shares and underlying shares of the Company:

Name of director	Capacity	Nature of interests	Number of shares	Underlying shares pursuant to share options	Aggregate interests	Percentage of issued share capital
HU Aimin	Beneficial owner	Beneficial interest	2,924,000	–	2,924,000	0.09
ZHANG Yijun	Beneficial owner	Beneficial interest	3,000,000	–	3,000,000	0.09
ZHAO Gesheng	Beneficial owner	Beneficial interest	2,500,000	–	2,500,000	0.08
LIU Weijin	Beneficial owner	Beneficial interest	3,500,000	–	3,500,000	0.11
WU Jiesi	Beneficial owner	Beneficial interest	6,600,000	3,400,000	10,000,000	0.31
WONG Po Yan	Beneficial owner	Beneficial interest	3,400,000	–	3,400,000	0.11
LI Wai Keung	Beneficial owner	Beneficial interest	1,500,790	–	1,500,790	0.05

Directors' Interests in Shares (continued)

Long positions in the shares and underlying shares of the associated corporation – Road King Infrastructure Limited:

Name of director	Capacity	Number of shares	Underlying shares pursuant to share options	Aggregate interests	Percentage of issued share capital
HU Aimin	Beneficial owner	–	500,000	500,000	0.07
ZHANG Yijun	Beneficial owner	–	500,000	500,000	0.07
WONG Po Yan	Beneficial owner	50,000	–	50,000	0.01
LI Wai Keung	Beneficial owner	200,000	–	200,000	0.03

Long positions in the shares and underlying shares of the associated corporation – Coastal Greenland Limited

Name of director	Capacity	Number of shares	Underlying shares pursuant to share options	Aggregate interests	Percentage of issued share capital
HU Aimin	Beneficial owner	–	6,000,000	6,000,000	0.22
ZHANG Yijun	Beneficial owner	–	6,000,000	6,000,000	0.22

Share Options

Details of the share option scheme adopted by the Company on 5 June 2002 are set out in note 20 to the financial statements.

The following share options were outstanding under the share option scheme during the period:

	At 1 January 2009	Granted during the period	Number of share options			At 30 June 2009	Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ per share
			Exercised during the period	Lapsed during the period	Cancelled during the period				
Directors									
WU Jiesi	3,400,000	-	-	-	-	3,400,000	29/5/2006	29/5/2006- 28/5/2011*	2.165
	<u>3,400,000</u>	-	-	-	-	<u>3,400,000</u>			
Other employees									
In aggregate	5,163,000	-	(930,000)	-	-	4,233,000	18/5/2005	18/5/2005- 17/5/2010	1.088
	18,780,000	-	(6,590,000)	(670,000)	-	11,520,000	9/3/2006	9/3/2006- 8/3/2011	1.330
	58,580,000	-	-	-	-	58,580,000	4/7/2007	4/7/2007- 3/7/2012	4.768
	<u>82,523,000</u>	-	(7,520,000)	(670,000)	-	<u>74,333,000</u>			
	<u>85,923,000</u>	-	(7,520,000)	(670,000)	-	<u>77,733,000</u>			

Share Options (continued)

* Options will be exercisable in the following manner:–

Maximum proportion of option exercisable including proportion of option previously exercised

Exercisable Period

1/3	1st year from the date of grant of option
2/3	2nd year from the date of grant of option
3/3	3rd year to 5th year from the date of grant of option

Notes:

1. During the period no options were granted and 7,520,000 options were exercised under the Share Option Scheme.
2. During the period, 670,000 options were lapsed and no options were cancelled under the Share Option Scheme.
3. The weighted average closing share price immediately before the dates on which the share options were exercised during the period was HK\$2.164 per share (2008: HK\$3.6118 per share)

Other than as disclosed above, none of the directors and chief executive of the Company had any interests or short positions in any shares and underlying shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

Directors' Right to Acquire Shares

Saved as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debts securities (including debentures) of, the Company or its associated corporations and none of the directors, or their spouse or children under the age of 18, had any rights to subscribe for equity or debt securities of the Company or its associated corporations, or had exercised any such rights.

Substantial Shareholders

As at 30 June 2009, the interests and short positions of the shareholders other than a director or chief executive of the Company in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:–

Interest in shares of the Company:

Name	Capacity	Nature of interest	Number of shares		Percentage of shares of the Company in issue
			Long Position	Short Position	
深業集團有限公司	Interest of controlled corporation (Note 1)	Corporate interest	1,523,731,489	–	47.31
Shum Yip Holdings Company Limited	Beneficial owner (Note 1)	Beneficial interest	1,523,731,489	–	47.31
UBS AG	(Note 2)	–	162,337,595	–	5.04
UBS AG	(Note 2)	–	–	146,000	0.00

Substantial Shareholders (continued)

Interest in shares of the Company: (continued)

Notes:

1. Shum Yip Holdings Company Limited is wholly-owned by 深業集團有限公司. 深業集團有限公司 is deemed to be interested in the 1,523,731,489 shares beneficially held by Shum Yip Holdings Company Limited.
2. The 162,337,595 shares (Long Position) and 146,000 shares (Short Position) are held by UBS AG in the following capacities:-

Capacity	No. of shares
Beneficial owner	94,652,260 (Long Position)
Beneficial owner	66,000 (Short Position)
Person having a security interest in shares	13,476,000 (Long Position)
Interest of controlled corporation	54,209,335 (Long Position)
Interest of controlled corporation	80,000 (Short Position)

Save as disclosed above, the register which was required to be kept under Section 336 of the SFO showed that the Company had not been notified of any interests or underlying shares of the Company as at 30 June 2009.

Saved as disclosed above, no person, other than the directors of the Company, whose interest are set out in the section "Directors interest in shares" above, had registered an interest in the share capital of the Company that were required to be recorded.

Interim Dividend

The board of directors of the Company have resolved to declare an interim dividend of HK5.00 cents per share for the six months ended 30 June 2009 (2008: HK3.00 cents). The total amount of the dividend will be HK\$161,040,755 (2008: HK\$96,398,853). The dividend will be payable on Monday, 12 October 2009 to shareholders whose names appear on the Register of Members on Monday, 28 September 2009.

Closure of Register of Members

The Register of Members of the Company will be closed from Monday, 28 September 2009, to Friday, 2 October 2009 (both dates inclusive), during which period no transfers of shares will be registered. In order to qualify for the interim dividend, all completed transfers, accompanied by the relevant share certificates, must be lodged with the Company's Registrar, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong no later than 4:30 p.m. on Friday, 25 September 2009.

Corporate Governance

The Company has adopted all the code provisions in the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules ("Code") as its own code on corporate governance practices. During the six months ended 30 June 2009, the Company has complied with the code provisions set out in the Code and there have been no material deviations from the Code.

The Audit Committee comprises three independent non-executive directors namely Mr. LI Wai Keung, Mr. WONG Po Yan and Mr. WU Wai Chung, Michael. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the unaudited interim results for the six months ended 30 June 2009.

Corporate Governance (continued)

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the directors. Having made specific enquiry of all directors of the Company, the Company confirmed that all directors have complied with the required standard set out in the Model Code.

Purchase, Sale or Redemption of The Company'S Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities during the period.

Continuing Disclosure Requirements Under Rule 13.21 of The Listing Rules

By an agreement ("1st Facility Agreement") dated 29 September 2006 entered into between, among others, the Company as borrower and a syndicate of lenders ("Lenders"), a transferable term loan facility of up to USD\$465 million ("1st Facility") is made available by the Lenders to the Company on the terms and conditions as stated therein. The 1st Facility will be made available to the Company within 6 months from the date of the 1st Facility Agreement and the Company shall repay to the Lenders in full any outstanding advances made thereunder on the date falling 60 months from the date of the 1st Facility Agreement. The Company intends to use the 1st Facility to first refinance in full all outstanding loan amounts under certain existing bank loans to the Company, and thereafter finance the general corporate funding requirements of the Company and its subsidiaries.

Continuing Disclosure Requirements Under Rule 13.21 of The Listing Rules (continued)

By an agreement (“2nd Facility Agreement”) dated 6 February 2008 entered into between the Company as borrower and the Bank of China (Hong Kong) Limited as lender (“BOC”) a transferable term loan facility of up to HK\$1,000 million (“2nd Facility”) is made available by BOC to the Company on the terms and conditions as stated therein. The 2nd Facility will be made available to the Company within 6 months from the date of the 2nd Facility Agreement and the Company shall repay to BOC in full any outstanding advances made thereunder by way of three instalments namely, (i) HK\$200 million be repaid in full on the date falling 12 months from the date of the first advance of the 2nd Facility (“First Advance”) (“1st Repayment Date”); (ii) HK\$300 million be repaid in full on the date falling 24 months from the First Advance (“2nd Repayment Date”); and (iii) HK\$500 million be repaid in full on the date falling 36 months from the First Advance. The Company intends to use the 2nd Facility to finance the general corporate funding requirements of the Company and its subsidiaries.

By an agreement (“3rd Facility Agreement”) dated 18 March 2008 entered into between the Company as borrower and DBS Bank Ltd., Hong Kong Branch as lender (“DBS”) a term loan facility of up to HK\$300 million (“3rd Facility”) is made available by DBS to the Company on the terms and conditions as stated therein. The 3rd Facility will be made available to the Company within 6 months from the date of the 3rd Facility Agreement and the Company shall repay to DBS in full any outstanding advances made thereunder on the date falling 36 months from the date of the first advance of the 3rd Facility. The Company intends to use the 3rd Facility to finance the acquisition by the Company and its subsidiaries of interests in property development projects and/or shareholding interest in property development company(ies).

Continuing Disclosure Requirements Under Rule 13.21 of The Listing Rules (continued)

By an agreement (“4th Facility Agreement”, together with the 1st Facility Agreement, 2nd Facility Agreement and 3rd Facility Agreement, collectively known as the “Facility Agreements”) dated 3 April 2008 entered into between the Company as borrower and China Construction Bank Corporation, Hong Kong Branch as lender (“CCB”) a transferable term loan facility of up to HK\$300 million (“4th Facility”) is made available by CCB to the Company on the terms and conditions as stated therein. The 4th Facility shall be made available to the Company within 6 months from the date of the 4th Facility Agreement and the Company shall repay to CCB in full any outstanding advances made thereunder on the date falling 60 months from the date of the 4th Facility Agreement. The Company intends to use the 4th Facility to finance the general corporate funding requirements of the Company and its subsidiaries.

Under the Facility Agreements, it will be an event of default if Shum Yip Holdings Company Limited (“Shum Yip Holdings”), ceases to own beneficially at least 35% of the issued share capital of the Company, ceases to be the single largest shareholder of the Company, ceases to have management control of the Borrower, or Shum Yip Holdings ceases to remain beneficially owned as to at least 51% by the Shenzhen Municipal People’s Government of The People’s Republic of China and in which event all amounts due under the Facility may be declared to be immediately due and payable.

Appreciation

On behalf of the Board, I would like to extend my gratitude to all shareholders, the public and employees of the Group for their unfailing support, assistance, service and dedication.

By Order of the Board

ZHANG Yijun

Chief Executive Officer

Hong Kong, 9 September 2009



<http://www.shenzheninvestment.com>

